

APS FUNDS SICAV P.L.C.

ANNUAL REPORT & FINANCIAL STATEMENTS **2018**

APS Funds SICAV p.l.c.
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NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

In terms of Article 22 of the Articles of Association

Notice to shareholders is hereby being given of the Eleventh Annual General Meeting of the APS Funds SICAV p.l.c. to be held at the Grand Ballroom, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 on Thursday 25th April 2019 at 5.30 p.m., for the purpose of considering the following Agenda.

AGENDA

Approval of Accounts

That the Statements of Comprehensive Income and Statements of Financial Position as at 31 December 2018 and the Directors' and the Independent Auditors' Reports thereon be approved.

Auditors - Appointment and Remuneration

That the appointment of 'Deloitte Audit Limited' as Auditors be approved, and the Board of Directors be authorised to fix their remuneration.

Appointment of Directors

That the Directors be appointed.

By order of the Board.



Ms Simone Braddick
For and on behalf of
BOV Fund Services Limited
Company Secretary

5th March 2019

NOTES:

1. This Notice has been mailed to all shareholders registered as at the 28th February 2019 which shareholders are entitled to attend and vote at the Annual General Meeting. Please note that if you have sold or transferred **ALL** your shares in the APS Funds SICAV p.l.c., you are kindly requested to disregard this Notice.
2. A shareholder entitled to vote may appoint a proxy to attend and vote instead of him/her using the enclosed **Form of Proxy**; such proxy need not also be a shareholder. To be valid this **Form of Proxy** must reach the Office of the Company Secretary at BOV Fund Services Limited, TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, BKR 3000, Malta, not less than **48 hours** before the appointed date and time of the Meeting.
3. In the case of joint holders of a share the vote of the first-named of joint holders who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
4. The Board of Directors currently consists of Dr Mario Felice, Mr Etienne Borg Caruana and Mr Joseph Portelli. Messrs E Borg Cardona and J Portelli, as retiree Directors, offer themselves for re-election. Dr M Felice has indicated his intention to retire from the office of Director with effect from the end of the Company's Annual General Meeting. As on the date of this Notice to Shareholders, no other nomination was received for the post of Director. Pursuant to Article 26.6 of the Articles of Association, additional nominations may be received at the Company's registered office up to ten clear days before the date of the AGM. No election is held if the candidates for the posts of Director do not exceed five in number.
5. Any body corporate which is a Member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorized shall be entitled to exercise the same powers on behalf of the body corporate which s/he represents as that body corporate could exercise if it were an individual Member and such body corporate shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

AWIŻ TAL-ĦDAX IL-LAQGĦA ĠENERALI ANNWALI

Skont l-Artiklu 22 tal-Istatut t'Assoċjazzjoni

Bil-preżenti, l-azzjonisti huma avżati li l-Ħdax il-Laqgħa Ġenerali Annwali tal-APS Funds SICAV p.l.c. se ssir fil-Grand Ballroom, Corinthia Palace Hotel & Spa, De Paule Avenue, San Anton, Attard BZN 9020 nhar il-Ħamis 25 ta' April 2019 fil-5.30 ta' filgħaxija, bil-għan li tikkunsidra s-segwenti Aġenda.

AĠENDA

Approvazzjoni tal-Kontijiet

Il-r-Rapporti tad-Dhul Kumplessiv u r-Rapporti tal-Pożizzjoni Finanzjarja għas-sena li għalqet fit-31 ta' Diċembru 2018, kif ukoll ir-Rapporti tad-Diretturi u tal-Awdituri Indipendenti għall-istess sena jiġu approvati.

Awdituri - Hatra u Remunerazzjoni

Il-hatra ta' Deloitte Audit Limited bħala Awdituri tiġi approvata, u l-Bord tad-Diretturi jiġi awtorizzat jistabilixxi l-ħlas tagħhom.

Hatra ta' Diretturi

Il-d-Diretturi jiġu appuntati.

B'ordni tal-Bord.



Ms Simone Braddick

għan-nom ta'

BOV Fund Services Limited

Segretarja tal-Kumpanija

5 ta' Marzu 2019

NOTI:

- Dan l-Awiż intbagħat lill-azzjonisti kollha li kienu rreġistrati fis-28 ta' Frar 2019 liema azzjonisti għandhom id-dritt li jattendu u jivvutaw fil-Laqgħa Ġenerali Annwali. Dawk l-azzjonisti li bieghu jew ittrasferew l-ishma **KOLLHA** li kellhom fl-APS Funds SICAV p.l.c. għandhom jinjoraw din iċ-ċirkolari.
- Kull azzjonist intitolat li jivvota jista' jaħtar prokuratur biex jattendi u jivvota minflok, billi jimla l-**Formola tal-Prokura** hawn annessa. Il-prokuratur mhux bilfors ikun azzjonist. Biex tkun valida, il-**Formola tal-Prokura** trid tasal għand il-BOV Fund Services Limited bħala Segretarja tal-Kumpanija, fl-Uffiċċju tagħha li jinsab TG Complex, Suite 2, Level 3, Triq il-Birrerija, l-Imrieħel, Birkirkara BKR 3000, Malta, mhux aktar tard minn **48 siegħa** qabel il-jum u l-ħin appuntati għal-Laqgħa.
- Fil-każ ta' azzjonisti kongunti, il-vot mitfugh minn min hu msemmi l-ewwel fosthom, kemm jekk il-vot ikun mitfugh personalment jew permezz ta' prokuratur, ikun aċċettat b'eskluzjoni tal-voti tal-azzjonisti kongunti l-oħra.
- Fil-preżent il-Bord tad-Diretturi huwa magħmul minn Dr Mario Felice, is-Sur Etienne Borg Cardona u s-Sur Joseph Portelli. Is-Sur E Borg Cardona u s-Sur J Portelli, bħala Diretturi li qed jirtiraw, qed joffru ruħhom biex jerġghu jiġu eletti. Dr M Felice wera l-ħsieb li jirtira mill-pożizzjoni ta' Direttur b'effett mill-għeluq tal-Laqgħa Ġenerali Annwali (l-AGM) tal-Kumpanija. Sad-data ta' dan l-Awiż lill-Azzjonisti ma daħlet ebda nomina oħra għall-post ta' Direttur. Skont it-termini tal-Artiklu 26.6 tal-Istatut tal-Kumpanija, jistgħu jibqgħu jintlaqgħu nominazzjonijiet fl-uffiċċju registrat tal-Kumpanija sa għaxart ijiem sħaħ qabel id-data tal-AGM. Ma ssirx elezzjoni jekk in-numru ta' kandidati għall-post ta' Direttur ma jkunx iżjed minn ħamsa.
- Kull entità (kumpanija jew korp ġuridiku) li hija Membru tista' tawtorizza, permezz ta' riżoluzzjoni tad-Diretturi jew tal-korp ta' governanza tagħha, lil dik il-persuna li fil-fehma tagħha hija adatta li taġixxi bħala r-rappreżentant tagħha fil-Laqgħa u dik il-persuna hekk awtorizzata tkun intitolata li teżercita l-istess poteri f'isem l-entità li hija tirrappreżenta li l-entità kienet tista' teżercita kieku kienet Membru individwali, u dik l-entità għandha għall-finijiet ta' dawn il-preżenti titqies li hi preżenti in persona f'kull laqgħa bħal din jekk il-persuna hekk awtorizzata tkun hemm preżenti.

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MANAGEMENT AND ADMINISTRATION

DIRECTORS

Dr. Mario Felice
9, Bastion Square, Mdina MDN 1150, Malta

Mr. Etienne Borg Cardona
'Mistral', Triq Esprit Barthet, Madliena, Swieqi, Malta

Mr. Joseph Portelli
The Royal Lady, St. Anthony Street, Għajnsielem GSM 9020, Malta

REGISTERED OFFICE

APS Centre, Tower Street, Birkirkara BKR 4012, Malta

COMPANY REGISTRATION NUMBER

SV 78

INVESTMENT MANAGER

ReAPS Asset Management Limited
APS Centre, Tower Street, Birkirkara BKR 4012, Malta
*Licensed to conduct Investment Services business
by the Malta Financial Services Authority.*

SUB-INVESTMENT MANAGER

APS Bank Limited
APS Centre, Tower Street, Birkirkara BKR 4012, Malta
*Licensed to conduct Investment Services business
by the Malta Financial Services Authority.*

ADMINISTRATOR AND COMPANY SECRETARY

BOV Fund Services Limited
TG Complex, Suite 2, Level 3, Brewery Street, Mriehel, Birkirkara BKR 3000, Malta
*Recognised to provide fund administration services by the Malta Financial Services
Authority.*

CUSTODIAN

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta
*Licensed to conduct investment services business
by the Malta Financial Services Authority.*

BANKERS

APS Bank Limited
APS Centre, Tower Street, Birkirkara BKR 4012, Malta

Bank of Valletta p.l.c.
BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta

AUDITORS

Deloitte Audit Limited
Deloitte Place, Mriehel Bypass, Mriehel, BKR 3000, Malta

LEGAL ADVISORS

Ganado and Associates Advocates
171, Old Bakery Street, Valletta VLT 1455, Malta

DESCRIPTION

APS Funds SICAV p.l.c. (the “Company”) is a company organised as a multi-fund investment company with variable share capital pursuant to the Companies Act [Cap. 386 of the Laws of Malta] registered on the 24 January 2008. The Company consists of three funds: the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund. The Company is licensed by the Malta Financial Services Authority as a UCITS Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The APS Income Fund is listed on the Malta Stock Exchange. The Company has no employees.

Changes made during the reporting period

Nil.

Changes made after the reporting period

The Company has sought approval for amendments to the Offering Supplement of the APS Income Fund.

INVESTMENT MANAGER'S REPORT

The International Economy and Financial Market

Global economic growth has moderated amid tightening financial conditions, and weakening trade and industrial activity. Latest indicators show that during the third quarter of 2018, the economy of the United States of America (US) registered a year-on-year annual growth of 3%, while that of the Eurozone expanded by 1.6%. It is also worth noting that the economy of the United Kingdom (UK) lagged behind those of the US and the Eurozone as it registered a comparatively lower growth rate in each calendar quarter. Meanwhile, economic growth in emerging economies accelerated during the first six months of 2018, before slowing to 5% in the third quarter of the year.

The US unemployment rate dropped to 3.9% in 2018 and is expected to drop further to 3.6% by the end of 2019. During 2018, the employment backdrop in the euro bloc continued to improve with the unemployment rate falling to a post-crisis low of 7.9%, down from 8.6% at the start of the year. Meanwhile, the latest data shows that the Harmonised Index of Consumer Prices (HICP) inflation rate in the euro area declined to 1.6% year-on-year in December 2018 after reaching a multi-year high of 2.2% in October. In the US, Core Personal Consumption Expenditure inflation (excluding food and energy) accelerated during the first seven months of the year, peaking at 2% in July, before easing to 1.9% by November 2018.

On the political front, the US-China trade war was probably the most pressing issue during 2018. Each country introduced tariffs on goods traded with the other. During the G20 Summit held in Argentina at the end of November, US President Trump and Chinese President Jinping agreed to have a 90-day truce in their trade battle. Trade talks and negotiations are expected to continue in 2019 as the slowdown in economic activity and uneasiness in financial markets are likely to provide impetus for a deal that is agreeable to both sides. Brexit headlines picked up again in 2018 ahead of UK's exit from the European Union (EU) on 29 March 2019. In November, EU leaders approved an exit deal which was subsequently rejected by the UK's Parliament early in 2019.

In terms of monetary policy, the Governing Council of the European Central Bank (ECB) kept interest rates unchanged during the year. It is anticipated that these interest rates are to be maintained at their current levels at least until the end of the first half of 2019. After trimming the amount of monthly net asset purchases, in December the ECB ended its net asset purchases under its asset purchase programme. Nevertheless, the ECB will, for the time being, continue to reinvest principal

payments from maturing securities which were purchased under its expanded asset purchase program. Across the Atlantic, the Federal Reserve lifted short-term interest rates four times in 2018. Minutes of the Federal Reserve's final policy meeting for 2018 showed that going forward the central bank was ready to be somewhat more pragmatic and data dependent in its policy decisions.

The 10-year government bond yield in the US increased during the first ten months of the year, before peaking at 3.23% early in November. Since then, the benchmark rate declined to 2.68% at the end of December. In Europe, the German 10-year yield initially increased to levels last seen in 2015, only to reverse course towards the 0.24% level as at the end of 2018. Corporate credit spreads, both investment grade and non-investment grade, widened during the period under review.

Table 1 displayed below shows the year-on-year changes in the benchmark 10-year yields on selected developed market sovereign debt.

Generic 10-Year Yields as at the end of			
Country	2017	2018	Change
Germany	0.43%	0.24%	-0.19%
Japan	0.05%	0.00%	-0.05%
UK	1.19%	1.28%	+0.09%
US	2.41%	2.68%	+0.27%

Table 1

Performance of developed market equities has been unfavourable during the period under review. As shown in Table 2, both the Dow Jones and the S&P 500 lost 5.63% and 6.24% respectively (both measured in US Dollars) during the 12 months ending 31 December 2018. Meanwhile in Europe, the EURO STOXX 50 lost 14.34% (measured in euro), and the UK's FTSE 100 slipped by 12.48% (measured in pound sterling).

Index	End 2017	End 2018	Price Change
Dow Jones Industrial Average	24,719.22	23,327.46	-5.63%
S&P 500 Index	2,673.61	2,506.85	-6.24%
EURO STOXX 50 Index	3,503.96	3,001.42	-14.34%
FTSE 100 Index	7,687.77	6,728.13	-12.48%

Table 2

In the forex market, both the pound sterling and the euro gave up a portion of the previous year's gains against the US dollar. In the Eurozone, a bout of concern over Italy's budget plans and a potential confrontation with the EU sparked jitters about the euro, while the pound sterling suffered as risks relating to Brexit remained in focus. On the other hand, the US dollar has been boosted by broad strength in the American economy and expectations for further rate rises from the Federal Reserve. Table 3 shows the year-on-year performance of the euro against selected currencies of developed markets.

Currency	End 2017	End 2018	Change in Value Against the Euro
EUR per 1 AUD	0.6506	0.6147	-5.52%
EUR per 1 GBP	1.1260	1.1122	-1.23%
EUR per 100 JPY	0.7392	0.7951	+7.55%
EUR per 1 USD	0.8330	0.8722	+4.71%

Table 3

Commodity prices have been driven by various elements during 2018, including rising US interest rates, growing trade tensions, an appreciation of the US dollar and financial market pressures. The price of oil increased steadily during the first nine months of the year, reaching highs last seen in 2014. Since then, the price of oil has declined sharply as market participants became concerned about the potential for weaker global demand and excessive supply.

The Maltese Economy and Financial Market

Malta's economy has continued to grow at a fast pace, facilitating employment growth and supporting the country's credit standing. After growing by 6.6% during the year 2017, the economy slowed moderately during the first six months of 2018. Latest data shows that on a year-on-year basis, economic output expanded by 7.5% in the third quarter of 2018.

The number of unemployed persons in November stood at 1,808, a drop of 19.5% when compared to November 2017. The rate of inflation as measured by the HICP accelerated during the first nine months of the year, before moderating to 1.4% in November. Going forward, the European Commission is projecting an inflation rate of 1.9% in 2019.

The domestic economic backdrop and the state of public finances continued to be reflected in the credit ratings assigned to the Maltese Sovereign by the major rating agencies. More specifically, Standard & Poor's and Fitch both maintained their sovereign rating at A- with positive outlook and A+ with stable outlook, respectively. Meanwhile, at the start of the year, Moody's updated the outlook to its A3 credit rating assigned to Malta from stable to positive.

Malta government bond yields for debt with outstanding tenors between three and fifteen years were higher at the end of 2018 when compared to twelve months earlier, with intermediate tenors between four and seven years registering the sharpest rises. Meanwhile, yields at the very front-end of the curve, as well as at the very long-end, were lower. This is shown in Table 4.

Tenor	Generic Yields as at the end of		
	2017	2018	Change
2 Years	0.01%	-0.05%	-0.06%
3 Years	0.09%	0.10%	+0.01%
4 Years	0.15%	0.30%	+0.15%
5 Years	0.28%	0.49%	+0.21%
7 Years	0.69%	0.85%	+0.16%
10 Years	1.28%	1.35%	+0.07%
15 Years	1.75%	1.77%	+0.02%
20 Years	2.04%	1.96%	-0.08%
25 Years	2.16%	2.04%	-0.12%

Table 4

Table 5 shows the spread between the yield on ten-year Malta sovereign debt and that of a select group of European countries. The comparatively higher yield offered by Maltese sovereign debt vis-a-vis Irish and Italian sovereign bonds narrowed, meaning that Maltese ten-year debt had become relatively more expensive over the course of the year. The opposite was true when Malta sovereign debt is compared to its German, French, and Spanish counterparts.

Country	Additional Yield from owning 10-Year Malta Sovereign Debt as at end		Change
	2017	2018	
France	+0.50%	+0.64%	+0.14%
Germany	+0.85%	+1.11%	+0.26%
Ireland	+0.61%	+0.45%	-0.16%
Italy	-0.74%	-1.39%	-0.65%
Spain	-0.29%	-0.07%	+0.22%

Table 5

Corporate bond activity in the regulated main market remained healthy. Volumes in the secondary market continued to increase, more than doubling when compared to just four years ago. In the primary market, net issuance during 2018 was close to 16 million euro. Bond redemptions by Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c. were not rolled-over by the respective issuer. At the same time, five companies came to market with new bond issues. Whilst one of the issuers, namely Hili Finance Company p.l.c., is associated with entities which have issued bonds in the past, all other bonds issued during the year pertained to companies which were new to the market.

In the equity market, the Malta Stock Exchange Equity Total Return Index increased by 3.81% during 2018. Table 6 indicates that the gain registered in the said index was predominantly driven by dividend returns, as the Malta Stock Exchange Price Index, which does not capture returns from the payment of cash dividends, ended the year almost flat.

Financials had a generally good year, with the only exception being Bank of Valletta p.l.c. (BOV). During the third quarter, the bank announced that it was setting aside 75 million euro as a prudential litigation provision, whilst failing to declare an interim dividend. Moreover, BOV indicated that no final cash dividend would be paid to shareholders. These developments resulted in the shares of BOV losing more than 26.5% of their value and placing at the bottom of the performance table for 2018. Meanwhile, shares in property companies MIDI p.l.c. and Malta Properties Company p.l.c., and in Malta's airport operator topped the list as the best performing equity securities during 2018.

Index / Security	End 2017	End 2018	Price Change
MSE Equity Total Return Index	8,669.13	8,999.03	+3.81%
MSE Equity Price Index	4,509.00	4,514.37	+0.12%
Bank of Valletta p.l.c.	1.81	1.33	-26.52%
FIMBank p.l.c.	0.68	0.75	+10.29%
GlobalCapital p.l.c.	0.32	0.33	+3.75%
GO p.l.c.	3.56	3.96	+11.24%
Grand Harbour Marina p.l.c.	0.77	0.7	-8.50%
HSBC Bank Malta p.l.c.	1.79	1.83	+2.23%
International Hotel Investments p.l.c.	0.64	0.62	-3.13%
Lombard Bank Malta p.l.c.	2.3	2.44	+6.09%
Main Street Complex p.l.c.	N/A	0.65	N/A
Malta Investments p.l.c.	0.82	0.88	+7.98%
Malta International Airport p.l.c.	4.7	5.8	+23.40%
Malta Properties Company p.l.c.	0.43	0.57	+31.94%
MaltaPost p.l.c.	2.04	1.58	-22.55%
Mapfre Middlesea p.l.c.	1.82	1.99	+9.34%
Medserv p.l.c.	1.15	1.15	0.00%
MIDI p.l.c.	0.35	0.67	+91.43%
PG p.l.c.	1.4	1.33	-5.00%
Plaza Centres p.l.c.	1.11	1.02	-8.11%
RS2 Software p.l.c.	1.5	1.4	-6.67%
Santumas Shareholdings p.l.c.	1.48	1.42	-4.05%
Simonds Farsons Cisk p.l.c.	8.5	8.75	+2.94%
Tigne Mall p.l.c.	1.06	0.97	-8.96%
Trident Estates p.l.c.	N/A	1.5	N/A

Table 6

INVESTMENT MANAGER'S REPORT

During the year, two companies, both of which are property-related, had their equity floated for the first time on the stock exchange. In January shares of Trident Estates p.l.c. were admitted to trading after the company was spun-off from Simonds Farsons Cisk p.l.c. On 30 May 2018, the owner of the Paola Main Street Shopping Complex had its shares admitted to listing after having announced its initial public offering in April. During the final quarter of 2018, GO p.l.c. announced its intentions to dispose of part of its shareholding in BMIT Technologies via an initial public offering.

Portfolio Activity Review

APS Income Fund

Investment Objective

The investment objective of the Fund is to maximise the total return for investors, whilst minimising the volatility of the portfolio and attaining a desirable level of liquidity through investment, primarily in Maltese debt and equity securities. To a limited extent, the Fund may also invest in international debt and equity securities. The Fund may also invest in deposits and cash.

Fund Performance

Accumulator Class of Shares

During the period from 31 December 2017 to 31 December 2018, the quoted share price of the APS Income Fund Accumulator class of shares increased by 1.79% from €175.9104 to €179.0535.

Distributor Class of Shares

During the period from 31 December 2017 to 31 December 2018, the quoted share price of the APS Income Fund Distributor class of shares decreased by 0.92% from €127.3622 to €126.1875. The same class of shares distributed an average dividend yield of 2.67% on the basis of the average of the dividends distributed during the year.

Overview of the Fund

The year 2018 proved to be another positive year for the Fund. The year started on a weak footing but as the months progressed, the performance improved ending the year with an overall net total return of 1.79% (Accumulator class).

The Net Asset Value of the Fund decreased from €81.36 million to €79.30 million during the twelve-month period under review.

During the year, the Manager sought to increase exposure to local Government and local corporate bonds as these sub-asset classes provided better risk return prospects when compared to their foreign counterparts. The bulk of transactions

was mainly executed in the secondary market; however, the primary market offered some good investment opportunities as well.

There were a few Maltese companies that came to the market for the first time. The Manager assessed these issuers and invested in a selected few. The duration of the Fund as at the end of the year 2018 was approximately 4.1.

As far as local equities were concerned, these provided further support to the Fund. This contrasted with the performance of international equities which suffered double digit losses during the same period. At 24%, the Fund has a close to full allocation to local equities as permitted by the Offering Supplement and it does not have any international equity exposure. Of particular note, was the performance of Malta International Airport equity which went up by 23.4% during the year. This was probably a reflection of increased business coming both from the aviation side and also from the non-aviation side of the business. With an exposure of 6.1% as at year end, the operator of the Maltese airport was the single biggest investment position in the Fund.

At the end of December 2018, the Fund's asset allocation was made up as follows:

- Local government bonds - 17.1%,
- International government bonds - 5%,
- Local corporate bonds - 35.4%,
- International corporate bonds - 6.7%,
- Maltese equities - 24%,
- Term deposits - 8.9%, and
- Cash - 2.8%.

APS Regular Income Ethical Fund

Investment Objective

The investment objective of the Fund is to endeavor to maximise the total return to investors, minimising the volatility of the portfolio whilst having regard to attaining a desirable level of liquidity, following Ethical Principles according to the Ethical Policy. The Fund seeks to achieve this objective by investing primarily in international government and corporate bonds, and in direct equities. The Fund may also invest in collective investment schemes, deposits, and cash.

Fund Performance

Class A - Accumulator Class of Shares

During the year from 31 December 2017 to 31 December 2018, the quoted share price of the APS Regular Income Ethical Fund Class A accumulator class of shares decreased by 3.55% from €1.3731 to €1.3243.

Class B - Distributor Class of Shares

During the year from 31 December 2017 to 31

December 2018, the price of the APS Regular Income Ethical Fund Class B distributor class of shares decreased by 6.06% from €1.1573 to €1.0872. The same class of shares distributed an average dividend yield of 2.63% on the basis of the average of the dividends distributed during the year.

Class C - Accumulator Class of Shares

During the year from 31 December 2017 to 31 December 2018, the price of the APS Regular Income Ethical Fund Class C accumulator class of shares decreased by 3.62% from €1.3703 to €1.3207.

Class D - Distributor Class of Shares

During the year from 31 December 2017 to 31 December 2018, the price of the APS Regular Income Ethical Fund Class D distributor class of shares decreased by 6.11% from €1.1563 to €1.0856. The same class of shares distributed an average dividend yield of 2.61% on the basis of the average of the dividends distributed during the year.

Overview of the Fund

The Fund differs from a traditional fund in the process by which investments are selected. Specifically, the investment process applies a rigorous ethical screening over and above the traditional investment selection process. The Fund Manager adopts a two-tiered approach to ethical screening. The Manager first excludes companies operating in certain industries which are deemed to be detrimental to humanity. This is followed by positive screening, where the Fund Manager selects those companies which have high Environmental, Social and Governance (ESG) scores. A similar ethical screening is also applied to government and supranational issuers.

The Fund failed to generate a positive total return during 2018, with Class A shares losing 3.55% during the year. The Fund's Net Asset Value decreased from €32.55 million to €30.49 million during the twelve-month period under review.

2018 has proved to be challenging, with low interest rates persisting in Europe, widening credit spreads in the corporate bond market segment, and increased volatility in global equity markets. In this environment, the Fund Manager sought to protect the value of the portfolio primarily by reducing the allocation to equity market risk across the board. As a matter of fact, the allocation to equities at the end of the year was circa half that of twelve months earlier. The Fund's allocation to the US Dollar was opportunistically increased on multiple occasions during the period under review as policy rates in the US continued to increase and as the Fund Manager maintained a positive outlook on the said currency. At the end of the

period under review, the US Dollar allocation was predominantly invested in US Treasuries. During the final quarter of 2018, the duration risk of the Fund was significantly increased as the outlook for the global economy became somewhat less favourable. The additional interest rate risk was mainly achieved via exposures to the US market. At the end of the year, the Fund's duration stood at circa 5.1.

At the end of December 2018, the Fund's asset allocation was made up as follows:

- Government and supranational bonds - 26.9%,
- Corporate bonds - 45.1%,
- Equities - 12.4%
- Collective investment schemes - 7.4%,
- Term deposits - 3%, and
- Cash - 5.2%.

APS Diversified Bond Fund

Investment Objective

The investment objective of the Fund is to endeavor to maximise total return, primarily through investment in international debt instruments rated BBB (Baa2) or lower, or if unrated, deemed by the Investment Manager to be of equivalent credit quality.

Fund Performance

Class A - Accumulator Class of Shares

The Class A accumulator class of shares started to be offered to investors on 23 October 2017 at an initial offering price of €1. The first valuation date for the said share class was 04 September 2018 being the first valuation point since the first investors purchased Class A shares. On 31 December 2018, the shares were priced at 1.0027, representing an increase of 0.53% from the price of 0.9974 on 04 September 2018.

Class B - Distributor Class of Shares

During the year from 31 December 2017 to 31 December 2018, the price of the APS Diversified Bond Fund Class B distributor class of shares decreased by 4.51% from €0.9985 to €0.9535. The same class of shares distributed an average dividend yield of 3.02% on the basis of the average of the dividends distributed during the year.

Class C - Accumulator Class of Shares

During the year from 31 December 2017 to 31 December 2018, the price of the APS Diversified Bond Fund Class C accumulator class of shares decreased by 1.85% from €0.9985 to €0.9800.

Class D - Distributor Class of Shares

During the year from 31 December 2017 to 31 December 2018, the price of the APS Diversified Bond Fund Class D distributor class of shares decreased by 4.52% from €0.9985 to €0.9534.

The same class of shares distributed an average dividend yield of 3.03% on the basis of the average of the dividends distributed during the year.

Overview of the Fund

2018 was the first full calendar year in which the Fund was in operation. Overall, the Fund failed to generate a positive total return during 2018, with Class C shares losing 1.85% during the year. The Net Asset Value of the Fund decreased from €41.04 million to €40.13 million during the twelve-month period under review.

The period under review proved to be challenging, with low interest rates persisting in Europe, widening credit spreads, and increased volatility in emerging market returns. In this environment, the Fund Manager sought to protect the value of the portfolio primarily by de-risking the Fund by reducing the allocation to emerging market risk both in terms of currency and sovereign debt. By the end of the year, the allocation to emerging market sovereign debt was almost half that of twelve months earlier. This was primarily achieved via reduced exposure to specific collective investment schemes. The Fund's allocation to the US Dollar was opportunistically increased on multiple occasions during the period under review as policy rates in the US continued to increase and as the Fund Manager maintained a positive outlook on the said currency. During the final quarter of 2018, the duration risk of the Fund was significantly increased as the outlook for the global economy became somewhat less favourable. The additional interest rate risk was mainly achieved via exposures to the US market. At the end of the year, the Fund's duration stood at circa 5.5.

On 31 December 2018, the Fund's asset allocation was made up as follows:

- Government and supranational bonds - 37.7%,
- Corporate bonds - 35.3%,
- Collective investment schemes - 16.1%,
- Term deposits - 8.8%, and
- Cash - 2.1%.

Remuneration disclosure

Remuneration Policy of the Company

For the purposes of SLC 1.9 of Appendix II to Part B of the Standard Licence Conditions, the total, fixed remuneration paid to the Company's three Directors is disclosed on page 25.

Other identified staff consist of the Compliance Officer and the Money Laundering Reporting Officer.

None of the identified staff are employed with APS Funds SICAV plc. During the financial year ended 31 December 2018, the total, fixed, contribution paid by the Company towards the remuneration

of these identified staff, totalling 2 beneficiaries, amounted to €4,916.

Details of the management fees paid by the Company to the Investment Manager, and a description of how they are calculated, are disclosed in the statement of comprehensive income and in note 9(a) to the financial statements.

Remuneration Policy of the Investment Manager

The staff members of APS Bank Ltd and its subsidiary ReAPS Asset Management Limited are governed by the Bank's Remuneration Committee. The said Committee is composed of Non-Executive Directors. APS Bank Ltd reviews the appropriateness of the Group Remuneration Policy annually and during implementation, ensuring also that it is in accordance with applicable laws and regulations.

The APS Bank Group's Remuneration Policy is designed, structured and implemented on the basis of the Group's business strategy, risk tolerance levels, objectives, values and long-term interests of its stakeholders. The Policy aims to ensure that the Group's remuneration packages reflect the relevant duties and responsibilities of its staff members, are fair and equitable, and incorporate rewards that are clearly and measurably linked to performance, both on an individual basis as well as on a unit, divisional and corporate perspective. Furthermore, in designing remuneration packages, consideration is also given to qualitative aspects such as compliance, culture, ethics, conduct towards customers, and measures to mitigate conflicts of interest.

ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive require that the Investment Manager considers the additional disclosures, in accordance with the principle of proportionality, and at least on an annual basis, presents certain information regarding its Remuneration Policy and practices for 'identified staff'.

Following due consideration of the Investment Manager's size, internal organisation, as well as the nature, scope and complexity of its activities, its Board of Directors has determined that the Investment Manager is not required to appoint a Remuneration Committee, on the basis of the principle of proportionality, as these are delegated to the Group's Remuneration Committee

The remuneration of the Directors of the Investment Manager is a fixed pay based on level of competencies, responsibilities and contribution.

INVESTMENT MANAGER'S REPORT

The above-mentioned Remuneration Policy permits that a variable component may be added to fixed remuneration. The relation between fixed and variable remuneration shall not exceed twenty-five (25) per cent of the fixed component. The APS Bank Remuneration Policy does not provide for pension benefits nor any deferral or equity measure.

'Identified Staff' of the Investment Manager consist of its Directors, Investment Committee Members, Head of Investment Management, Portfolio Managers, Compliance Officer, Risk Officer and Money Laundering Reporting Officer. These last three staff members are employed and paid through APS Bank and seconded to the Investment Manager, but their responsibilities are not totally dedicated to the Investment Manager. ReAPS Asset Management Limited pays APS Bank a fixed amount for these services. This fee is based on the time allocated by these staff members to perform their duties in relation to their activities. Furthermore, ReAPS Asset Management Limited subcontracted the portfolio management function of the sub-funds to APS Bank.

Total remuneration paid to Identified Staff, totalling 11 beneficiaries, amounted to €240,519 fixed and €12,124 variable during the financial year ended 31 December 2018.

The management fee paid by APS Funds SICAV p.l.c. and disclosed on page 25 covers the remuneration of these services.

The Funds' performance figures listed above have been rounded to two decimal places whilst the fund prices are listed either to three decimal places or to four decimal places, as stipulated in the relevant Fund Supplement. Past performance is not necessarily indicative of future results. Some of the opinions expressed herein are of a forward-looking nature and should not be interpreted as investment advice. The Manager has obtained the information contained in this document from sources believed to be reliable but has not independently verified the information contained herein and therefore its accuracy cannot be guaranteed. The Manager makes no guarantees, representations or warranties and accept no responsibility or liability as to the accuracy or completeness of the information contained in this document. The Manager has no obligation to update, modify or amend this article or to otherwise notify a reader thereof in the event that any matter stated therein, or any opinion, projection, forecast or estimate set for the herein changes or subsequently becomes inaccurate.

Sources: Bloomberg, Central Bank of Malta, European Commission, Eurostat, Malta Stock Exchange and National Statistics Office Malta.

REPORT OF THE DIRECTORS

The Directors are hereby laying before and for approval by the Shareholders at this Annual General Meeting, the Annual Report, including the Financial Statements of APS Funds SICAV (the "Company") for the year ended 31 December 2018.

Principal Activities

The Company is organised as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act [Cap. 386 of the Laws of Malta]. The Company was registered on the 24 January 2008 and is licensed by the Malta Financial Services Authority as a UCITS Collective Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The Company has established three separate sub-funds namely; the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund. The Company has no employees.

Review of Business

The net assets attributable to Shareholders as at 31 December 2018 stood at €149,923,405 (2017: €154,959,980).

The individual performance of the sub-funds is further described in the Investment Manager's Report on pages 8 to 12.

Principal risks and uncertainties

The successful management of risk is essential to enable the Company to achieve its objectives. The ultimate responsibility for risk management rests with the Company's Directors, who evaluate the Company's risk appetite and formulate policies for identifying and managing such risks. The principal risks and uncertainties facing the Company are included below.

The Company defines risk as the probability of a permanent loss of capital. The risk management effort targets the minimisation of the probability of a permanent loss of invested capital within its investment objective. At the same time, it is also understood that the risk cannot be completely eliminated. Risk is considered acceptable by the Board of Directors if its sources are understood and within the appetite and tolerance levels set by the Board of Directors after consulting with the Investment Manager. Risks are taken only after an understanding of the nature of the risk, and only if that risk carries an adequate compensation in the form of return.

Non-Financial Risks

Operational risk

Operational risk, also referred to as operations risk, is the risk of loss from failures in a company's systems, processes and procedures such as computer breakdowns including viruses and hardware problems. Operational risk can also materialize from external events, which are not under the direct control of the Company such as terrorist attacks and "acts of God".

Settlement risk

The security settlement process involves a bilateral agreement whereby two counterparties trading

with one another agree to pay for and transfer investment securities to each other. Settlement risk is defined as the risk that the Company could be in the process of paying the counterparty for securities purchased while the counterparty is declaring itself as bankrupt. The Company could also be in a position whereby it is expecting payment for securities sold whilst the counterparty declares bankruptcy.

Political risk

Political risk, also known as geopolitical risk, may be defined as the risk that asset returns decrease due to changes in the political environment within a country that lead to heightened instability. Political instability may arise from a change in government, legislative bodies and other policy makers.

Legal risk/Regulatory standing

This is the risk of losses due to non-compliance with legal requirements towards the Maltese regulator and other regulators in whose jurisdiction the Company may conduct its business. The Compliance function of the Company is carried out by an experienced person who is a lawyer. Professional external advice and experience is sought for other matters, where appropriate.

Reputational Risk

The Company is subject to numerous laws and regulations covering a wide range of matters. Failure to comply could have financial or reputational implications and could materially affect the Company's ability to operate. The Company has embedded operating policies and procedures to ensure compliance with existing legislation.

Regulatory risk

The regulatory environment is another source of uncertainty. Regulatory risk is associated with the uncertainty of how a transaction will be regulated or with the potential for regulations to change in the future. A change in regulation and/or statutes may end up increasing the cost of operations for the Company, reduce investment returns or completely change the competitive landscape.

Taxation risk

Taxation risk arises due to the uncertainty associated with tax legislations. Changes in tax legislations may have adverse effects and unforeseen negative consequences for transactions and business relationships. Taxation risk also encompasses the risk that tax legislations become more burdensome on the Company.

Leverage

The UCITS regulations permit the Company to borrow, for the account of a Sub-Fund, up to 10% of the value of assets of that Sub-Fund provided that such borrowing is on a temporary basis. The assets of such Sub-Fund may be charged as security for any such borrowings. To date, the approved borrowing limits were much less than those permitted under UCITS rules.

Financial Risk Management

Financial risk is the possibility that shareholders could lose money when they invest their money in

an asset. There are a number of financial risks that could potentially impact the activities of the funds and include, but not solely, the following: market risk, interest rate risk, currency risk, investment risk, credit risk, liquidity risk, etc. The Company's objective in managing such risks is the creation and protection of shareholders' value. In order to manage and mitigate such risks, the Company employs a number of risk management tools in its day-to-day operation. Further detail can be found under note 14 on pages 43 to 50.

Results and Dividends

The results for the year 2018 can be found on the Statements of Comprehensive Income on page 25. The dividends declared for the year ended 31 December 2018 with respect to the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund distributor class of shares can be found under note 10 on page 40.

Directors

The Directors of the Company who held office during the year under review are listed on page 6.

Auditors

Deloitte Audit Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

APS Income Fund - Breach of the Investment Policy

The APS Income Fund has breached an investment restriction contained in the Offering Supplement. The Board has reviewed the Offering Supplement, which is awaiting Regulatory approval. Further details are disclosed in the annual report of the Custodian, which can be found on page 20.

Standard licence conditions and regulatory sanctions

During the year under review there were no breaches of standard conditions or other regulatory requirements or administrative penalty which were subject to regulatory sanctions.

On behalf of the Board

Mario Felice
Chairman

Etienne Borg Cardona
Director

Joseph Portelli
Director

5th March 2019

RAPPORT TAD-DIRETTURI

Id-Diretturi qeghdin iqiegħdu quddiem il-Kumpanija għall-approvazzjoni tal-Azzjonisti, f'din il-Laqqha Generali Annwali, ir-Rapport Annwali, li jinkludi fih ir-Rapporti Finanzjarji tal-APS Funds SICAV (il-Kumpanija) għas-sena li għalqet fil-31 ta' Diċembru 2018.

Attivitajiet Prinċipali

Il-Kumpanija hija mwaqqfa bħala kumpanija ta' investment b'kapital azzjonarju varjabbli (SICAV) u b'fondi multipli taħt l-Att dwar il-Kumpaniji [Kap. 386 tal-Liġijiet ta' Malta]. Il-Kumpanija għet irregistrata fl-24 ta' Jannar 2008 u hija liċenzjata mill-Awtorità Maltija għas-Servizzi Finanzjarji bħala Skema ta' Investment Kollettiv taħt l-Att dwar Servizzi ta' Investment [Kap. 370 tal-Liġijiet ta' Malta]. Il-Kumpanija waqqfet tliet fondi separati li huma: l-APS Income Fund, l-APS Regular Income Ethical Fund u l-APS Diversified Bond Fund. Il-Kumpanija m'għandhiex impjegati.

Rendikont tal-Attività tal-Kumpanija

L-assi netti attribwibbli lill-azzjonisti fil-31 ta' Diċembru 2018 kellhom il-valur ta' € 149,923,405 (2017: € 154,959,980).

Il-prestazzjoni individwali ta' kull fond hija deskritta aktar fid-dettall fir-Rapport tal-Investment Manager f'pagna 8 sa 12.

Ir-riskji u l-inċertezzu ewlenin

Il-kontroll effettiv tar-riskju huwa essenzjali biex il-Kumpanija tilhaq l-għanijiet tagħha. Ir-responsabbiltà aħħarija għall-kontroll tar-riskju taqa' fuq id-Diretturi tal-Kumpanija. Dawn jevalwaw id-dispożizzjoni tal-Kumpanija għar-riskju u jfasslu l-politika biex jidentifikaw u jikkontrollaw ir-riskji. Ir-riskji u l-inċertezzu ewlenin li tiffaċċa l-Kumpanija huma mnizzla hawn taħt.

Il-Kumpanija tiddefinixxi r-riskju bħala l-probabbiltà ta' telf permanenti ta' kapital. L-isforz li jsir biex jiġi kkontrollat ir-riskju huwa mmirat biex inaqqas kemm jista' jkun il-probabbiltà ta' telf permanenti ta' kapital investit fl-ambitu tal-obiettiv tal-kumpanija għall-investment. Fl-istess hin huwa rikonoxxut li r-riskju ma jistax jinqata' għal kollox. Ir-riskju jitqies accettabbli għall-Bord tad-Diretturi jekk ikun magħruf minn fejn hu għej u jkun fil-parametri tad-dispożizzjoni u t-tolleranza li l-Bord tad-Diretturi jkun f'fissaw wara li kkonsultaw mal-Investment Manager. Ir-riskju jittiehed biss jekk ikun hemm għarfien sew tan-natura tar-riskju u jekk dak ir-riskju jiġb miegħu kumpens sodisfacenti bħala rendita.

Riskji Mhux Finanzjarji

Riskju tal-operat

Ir-riskju tal-operat, imsejjaħ ukoll riskju mill-operazzjoni, huwa r-riskju li jkun hemm telf minhabba waqfien jew nuqqasijiet fis-sistemi, proċessi jew proċeduri tal-kumpanija, pereżempju waqfien tal-kompjuters, inkluzi problemi ta' infezzjoni minn viruses jew ħsara ta' makkinarju. Ir-riskju tal-operat jiġi wkoll minn fatturi esterni li mhumiex taħt il-kontroll dirett tal-Kumpanija, bħalma huma attacki terroristiċi jew diżastri naturali.

Riskju tas-saldu

Il-proċess tal-ħlas għas-saldu tax-xiri u bejgħ ta' investimenti jinvolti ftehim bilaterali fejn żewġ kontropartiti li qed jinnegozjaw bejniethom jiftiehem li jagħmlu trasferiment u ħlas ta' titoli ta' investment lil xulxin. Ir-riskju tas-saldu huwa definit bħala r-riskju li l-Kumpanija tista' tkun fil-proċess li thallas lill-kontropartita għal investimenti mixtrija, jew inkella tkun fil-pożizzjoni fejn qed tistenna ħlas għal titoli mibjugħa, waqt li l-kontropartita tkun qed tiddikjara lillha nnifisha bħala falluta.

Riskju politiku

Ir-riskju politiku, magħruf ukoll bħala riskju ġeopolitiku, huwa definit bħala r-riskju li r-rendita minn certi assi tista' tonqos minhabba bidliet fl-ambjent politiku ta' pajjiż, li jwasslu għal instabbiltà serja. L-instabbiltà politika tista' tkun ikkawżata minn bidla fil-gvern, korpi legiżlattivi jew atturi oħra li jinfluwenzaw il-politika.

Ir-riskju legali/lil-pożizzjoni regolatorja

Dan hu r-riskju ta' telf ikkawżat minn nuqqas ta' osservanza tar-rekwiżiti legali tar-regolatur Malti jew ta' regolaturi oħra f'ġurisdizzjonijiet fejn topera l-Kumpanija. Il-funzjoni interna tal-Osservanza li għandha l-Kumpanija hija f'data f'idejn persuna ta' esperjenza, li hi avukat. Għar-rigward ta' materji oħra, il-Kumpanija tirrikorri skont il-ħtieġa għall-pariri u l-esperjenza legali ta' professjonisti esterni.

Riskju tar-reputazzjoni

Il-Kumpanija hija sogġetta għal diversi liġijiet u regolamenti li jkopru firxa wiesgħa ta' materji. Jekk il-Kumpanija tonqos milli tkun konformi magħhom, jista' jkun hemm implikazzjonijiet għall-finanzi u r-reputazzjoni tagħha u tista' tintlaqat materjalment il-kapaċità tal-Kumpanija li tkompli topera. Il-Kumpanija għandha mdaħħlin fis-sistemi tagħha politika u proċeduri li jassiguraw li tkun konformi mal-legiżlazzjoni eżistenti.

Riskju regolatorju

L-ambjent regolatorju huwa sors ieħor ta' inċertezza. Ir-riskju regolatorju huwa marbut mal-inċertezza ta' kif tranżazzjoni se tkun regolata jew ta' kif ir-regoli jistgħu jinbidlu fil-futur. Jekk ikun hemm bdil fir-regoli jew l-istatuti, dan jista' jwassal biex jiżdiedu l-kosti tal-operat tal-Kumpanija, inaqqsu d-dħul mill-investment jew saħansitra jibdlu għal kollox ix-xenarju kompetittiv.

Riskju tat-Taxxa

Ir-riskju tat-taxxa għej mill-inċertezza li tinholq mill-legiżlazzjoni tat-taxxa. Meta jsir tibdil fil-liġijiet tat-taxxa, dan jista' jkollu effetti negattivi u konsegwenzi f'żena mhux mistennija fuq it-tranżazzjonijiet u r-relazzjonijiet kummerċjali. Ir-riskju tat-taxxa jiġbor ukoll ir-riskju li l-liġijiet tat-taxxa jiddu l-piż tagħhom fuq il-Kumpanija.

Ingranaġġ

Ir-regolamenti tal-UCITS jippermettu li l-Kumpanija tissellef, akkont ta' xi Fond, sa 10% tal-valur tal-assi ta' dak il-Fond, sakemm is-self ikun fuq bażi temporanja. L-assi ta' dak il-Fond jistgħu jintużaw biex joffru sigurtà kontra dak is-self. Sal-lum il-limiti approvati għas-self kienu dejjem hafna inqas minn dawk li jippermettu r-regoli tal-UCITS.

L-Immaniġġjar tar-Riskju Finanzjarju

Ir-riskju finanzjarju hu l-possibbiltà li azzjonist jista' jitlef flusu meta jinvestihom f'xi assi. Hemm diversi riskji finanzjarji li potenzjalment jistgħu jolqtu l-attivitajiet tal-fondi. Dawn li għejjin huma whud minnhom, imma mhux kollha: ir-riskju tas-suq, ir-riskju taċ-ċaqliq fir-rati tal-imghax, ir-riskju tal-valuta, ir-riskju tal-investment, ir-riskju tal-kreditu, ir-riskju tal-likwidità, eċċ. Il-mira tal-Kumpanija fl-immaniġġjar ta' dawn ir-riskji hija li tohloq u tiproteġi l-valur għall-azzjonist. Bil-ghan li tikkontrolla u ttaffi dawn ir-riskji, il-Kumpanija, fl-operat tagħha ta' kuljum, thaddem numru ta' għodod żviluppatti għall-immaniġġjar tar-riskju. Aktar dettali jidhru fin-nota 14 fuq pagna 43 sa 50.

Riżultati u Dividendi

Ir-riżultati għas-sena 2018 jinsabu fir-Rapporti tad-Dħul Komplessiv fuq pagna 25. Id-dividendi dikjarati għas-sena li għalqet fil-31 ta' Diċembru 2018 għar-rigward tal-klassijiet distributorji tal-APS Income Fund, l-APS Regular Income Ethical Fund u l-APS Diversified Bond Fund jinsabu taħt Nota 10 f'pagna 40.

Diretturi

Id-Diretturi tal-Kumpanija li serew matul is-sena li tagħha qed jingħata rendikont huma elenkati f'pagna 6.

Awdituri

Deloitte Audit Limited indikaw li huma lesti jibqgħu l-awdituri tal-Kumpanija. Għaldaqstant se titressaq riżoluzzjoni fil-Laqqha Generali Annwali biex jerggħu jinħatru.

APS Income Fund - Ksur tal-politika tal-investment

L-APS Income Fund kiser waħda mir-restrizzjonijiet tal-investment li hemm fis-Suppliment tal-Offerta. Il-Bord irrededa s-Suppliment tal-Offerta, li issa qed jistenna l-approvazzjoni tar-regolatur. Aktar informazzjoni hija mogħtija fir-rapport annwali tal-Kustodju li jinsab f'pagna 20.

Il-kondizzjonijiet standard tal-liċenzja (SLC) u s-sanzjonijiet regolatorji

Matul is-sena li qed nirrapportaw fuqha, ma kien hemm ebda ksur ta' kondizzjonijiet standard jew ta' rekwiżiti oħra regolatorji jew penali amministrattivi li kienu sogġetti għal sanzjonijiet regolatorji.

F'isem il-Bord



Mario Felice
Chairman



Etienne Borg Cardona
Direttur



Joseph Portelli
Direttur

5 ta' Marzu 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act [Cap. 386 of the Laws of Malta] to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- (i) ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- (ii) selecting and applying appropriate accounting policies;
- (iii) making accounting estimates that are reasonable in the circumstances;
- (iv) ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act [Cap. 386 of the Laws of Malta]. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the Members of APS Funds SICAV p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of APS Funds SICAV plc ("the Company"), constituting each of the sub-funds of the Company, set out on pages 22 to 50, which comprise each of the statements of financial position as at 31 December 2018, and the statements of profit or loss or other comprehensive income, statements of changes in net assets attributable to holders of redeemable shares and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Notice of the Eleventh Annual General Meeting on pages 2 to 3, Management and Administration on page 6, Description on page 7, Investment

Manager's Report on pages 8 to 12, Report of the Directors on pages 13 to 14, Statement of Directors' Responsibilities on page 15, Report of the Custodian on page 20, Portfolio Statements on pages 51 to 55, Statement of Changes in the Composition of the Portfolio on page 56 and Information about the Scheme on page 57 but does not include the separate and consolidated financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Listing Rule 5.62 on the Company's ability to continue as a going concern.

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Report of the Directors on pages 14 to 19, in our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibility of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' responsibilities on page 15, the

directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Companies Act (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper returns adequate for our audit have not been received from branches not visited by us;
- The financial statements are not in agreement with the accounting records and returns; or
- We have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

Auditor tenure

We were first appointed to act as statutory auditor of the Company by the members of the Company on 13 October 2017 for the financial year ended 31 December 2017 and were subsequently reappointed as statutory auditors by the members of the Company on an annual basis. The period of total uninterrupted engagement as statutory auditor of the firm is two financial years.



Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta.

5 March 2019

Deloitte Audit Limited is not responsible for the maintenance and integrity of the corporate, financial and non-financial information included on this website.

RAPPORT TAL-AWDITURI INDIPENDENTI

Lill-Membri tal-APS Funds SICAV p.l.c.

Rapport dwar il-Verifika tar-Rapporti Finanzjarji

Opinjoni

I-verifikajna r-rapporti finanzjarji tal-APS Funds SICAV p.l.c. (il-"Kumpanija"), kostitwita minn kull waħda mill-fondi tal-Kumpanija, li jidhru ma' dan ir-rapport f'paġni 22 sa 50, u li jikkonsistu f'kull wieħed mir-rapporti tal-pożizzjoni finanzjarja fil-31 ta' Diċembru 2018 u r-rapporti tad-dhul jew telf jew dħul ieħor kumplessiv, ir-rapporti tat-tibdil fl-assi netti attribwibbli lill-azzjonisti tal-ishma li jinfedw, u r-rapporti tal-flussi tal-flus għas-sena li għalqet f'dik id-data, u n-noti għar-rapporti finanzjarji, inklużi n-noti tal-politika sinifikanti tal-kontabilità.

Fl-opinjoni tagħna, ir-rapporti finanzjarji li hawn ma' dan ir-rapport jagħtu stampa reali u korretta tal-pożizzjoni finanzjarja tal-Kumpanija fil-31 ta' Diċembru 2018, u tar-riżultati finanzjarji u l-flussi tal-flus tagħha għas-sena li għalqet f'dik id-data, skont l-Istandards Internazzjonali tar-Rappurtar Finanzjarju (IFRSs) kif adottati mill-Unjoni Ewropea (UE), u kienu ppreparati kif meħtieġ skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386 tal-Liġijiet ta' Malta).

Baži għall-opinjoni

Wettaqna l-verifika tagħna skont l-Istandards Internazzjonali tal-Verifika (ISAs). Ir-responsabbiltajiet tagħna skont dawk l-istandards huma spjegati aktar fil-parti ta' dan ir-rapport intitolata *Ir-responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji*. Ahna indipendenti mill-Kumpanija, skont ma jitolb il-Code of Ethics for Professional Accountants tal-International Ethics Standards Board for Accountants (il-Kodiċi tal-IESBA) fil-mikien mal-*Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (il-Kodiċi ta' Malta) li huma rilevanti għall-verifika tagħna tar-rapporti finanzjarji f'Malta, u ahna onorajna r-responsabbiltajiet etici l-oħra tagħna skont dawn ir-rekwiżiti u skont il-kodiċi tal-IESBA u l-Kodiċi ta' Malta. Jidhrilna li l-evidenza li għarna għall-iskop tal-verifika tagħna hija adattata u biżżejjed biex tipprovdi baži għall-opinjoni tagħna.

Materji Kruċjali għall-Verifika

Ma ddeterminajna li hemm ebda materja kruċjali għall-verifika x'nikkomunikaw f'dan ir-rapport.

Informazzjoni Oħra Barra r-Rapporti Finanzjarji u r-Rapport tal-Awditur Fuqhom

Id-diretturi huma responsabbli għall-informazzjoni l-oħra. L-informazzjoni l-oħra tikkonsisti fin-*Notice of the Eleventh Annual General Meeting* f'paġni 2 sa 3, *Management and Administration* f'paġna 6, *Description* f'paġna 7, *Investment Manager's Report* f'paġni 8 sa 12, *Report of the Directors* f'paġni 13 sa 14, *Statement of*

Directors' Responsibilities f'paġna 15, *Report of the Custodian* f'paġna 20, *Portfolio Statements* f'paġni 51 sa 55, *Statement of Changes in the Composition of the Portfolio* f'paġna 56 u *Information about the Scheme* f'paġna 57, imma ma tinkludix ir-rapporti finanzjarji separati u konsolidati u r-rapport tal-verifika tagħna fuqhom.

Hlief għall-opinjoni tagħna fuq ir-Rapport tad-diretturi mogħti b'konformità mal-Att dwar il-Kumpaniji (Kap. 386), l-opinjoni tagħna fuq ir-rapporti finanzjarji ma tkoprix l-informazzjoni l-oħra, u ahna m'ahna nesprimu ebda forma ta' konklużjoni assigurativa dwarha.

Għar-rigward tal-verifika tagħna tar-rapporti finanzjarji, ir-responsabbiltà tagħna hi li naqraw l-informazzjoni l-oħra u fil-proċess inqisu jekk dik l-informazzjoni l-oħra hijiex materjalment inkonsistenti mar-rapporti finanzjarji jew mat-tagħrif li nkunu ksibna fil-verifika jew jekk tidher b'xi mod ieħor li hi materjalment żbaljata. Jekk nikkonkludu, abbażi tax-xogħol li nkunu għamilna, li dik l-informazzjoni oħra tinkludi xi informazzjoni materjalment żbaljata, ahna obbligati li nirrapportaw dak il-fatt. M'għandna xejn x'nirrapportaw f'dan ir-rigward.

Għar-rigward tar-Rapport tad-diretturi ahna qisna wkoll jekk ir-Rapport tad-Diretturi jkoprix l-iżvelar ta' informazzjoni kif rekwiżit mill-Artiklu 177 tal-Att dwar il-Kumpaniji (Kap. 386), kif ukoll id-dikjarazzjoni rekwiżita mir-Regola tal-Elenku 5.62 dwar il-kapaċità tal-Kumpanija li tibqa' topera bħala negozju avvjat.

B'konformità mar-rekwiżiti tas-subartiklu 179(3) tal-Att dwar il-Kumpaniji (Kap. 386) għar-rigward tar-Rapport tad-Diretturi f'paġna 15, fl-opinjoni tagħna, abbażi tax-xogħol li għamilna fil-kors tal-verifika:

- L-informazzjoni mogħtija fir-Rapport tad-Diretturi għas-sena finanzjarja li għaliha ġew ippreparati r-rapporti finanzjarji hija konsistenti mar-rapporti finanzjarji; u
- Ir-Rapport tad-Diretturi ġie ppreparat b'konformità mar-rekwiżiti legali li japplikaw.

Fid-dawl tat-tagħrif u tal-fehma li ksibna dwar il-kumpanija u l-ambjent tagħha matul il-kors tal-verifika, ma identifikkajna ebda żball materjali fir-Rapport tad-Diretturi.

Responsabbiltà tad-diretturi għar-rapporti finanzjarji

Kif hemm spjegat aktar ampjament fid-Dikjarazzjoni tar-responsabbiltajiet tad-diretturi f'paġna 15, id-diretturi huma responsabbli għall-preparazzjoni ta' rapporti finanzjarji li jagħtu stampa reali u korretta skont ma jitolbu l-IFRSs kif adottati mill-UE u skont ir-rekwiżiti tal-Att dwar il-Kumpaniji (Kap. 386), u għall-kontroll intern skont ma d-diretturi jidhrilhom

neċessarju biex ir-rapporti finanzjarji jkunu jistgħu jiġu ppreparati hielsa minn kull żball materjali, sew jekk ikun kawża ta' frodi jew ta' żbalji.

Fil-preparazzjoni tar-rapporti finanzjarji, id-diretturi għandhom ir-responsabbiltà li jevalwaw jekk il-Kumpanija għandhiex il-kapaċità li tibqa' toperabħala negozju avvjat, u li tiżvela, skont il-każ, materji relatati man-negozju avvjat, u li tikkontabilizza fuq il-baži ta' negozju avvjat sakemm id-diretturi ma jkollhomx hsieb li jillikwidaw il-Kumpanija jew li ttemml-operat tagħna jew ma jkollhom ebda alternattiva realistika hlief li jagħmlu hekk.

Ir-responsabbiltajiet tal-Awditur għall-Verifika tar-Rapporti Finanzjarji

Il-mira tagħna hi li jkollna assigurarazzjoni raġonevoli dwar jekk ir-rapporti finanzjarji, fit-totalità tagħhom, humiex hielsa minn kwalunkwe dikjarazzjoni li hi materjalment żbaljata, sew jekk kawża ta' frodi jew ta' żbalji, u li noħroġu rapport tal-awditur li jkun jagħti l-opinjoni tagħna. L-assigurarazzjoni raġonevoli hija assigurarazzjoni ta' livell għoli, imma mhijix garanzija li verifika li tkun saret skont l-ISAs se tkopri kull dikjarazzjoni materjalment żbaljata li jista' jkun hemm. Dikjarazzjonijiet żbaljati jistgħu jkunu kkawżati minn frodi jew minn żbalji ġenwini u jkunu meqjusa materjali jekk, kull waħda waħedha jew kollha flimkien, wieħed jista' raġonevolment jobsor li jistgħu jinfluenzaw id-deċiżjonijiet ekonomiċi li l-utenti jiehdu abbażi ta' dawn ir-rapporti finanzjarji.

Meta naghmlu verifika skont l-ISAs, ahna neżerċitaw ġudizzju professjonali u nżommu xetticizmu professjonali matul ix-xogħol kollu tal-verifika. Barra minn hekk:

- Nidentifikaw u nevalwaw ir-riskji li jkun hemm xi dikjarazzjonijiet materjalment żbaljati fir-rapporti finanzjarji, sew jekk kawża ta' frodi jew ta' żbalji; infasslu u nħaddmu proċeduri ta' verifika li jwieġbu għal dawk ir-riskji; u niġbru evidenza għall-iskop tal-verifika li tkun adattata u biżżejjed biex tipprovdi baži għall-opinjoni tagħna. Ir-riskju li dikjarazzjoni materjalment żbaljata ma tinqabadx huwa akbar meta din issir bi frodi milli bi żball, għalhekk il-frodi jista' jinvolvi kollużjoni, falsifikazzjoni, omissjonijiet intenzjonati, rappreżentazzjonijiet foloz, jew it-twarrib ta' kontrolli interni.
- Nakkwistaw idea ċara tas-sistema ta' kontroll intern, sa fejn ikun rilevanti għall-verifika, biex inkunu nistgħu nfaslu proċeduri ta' verifika li huma adattati għaċ-ċirkostanzi, imma mhux għall-iskop li nesprimu xi opinjoni dwar l-effettività tal-kontroll intern tal-Kumpanija.
- Nevalwaw jekk il-politika użata fil-kontabilità hijiex adattata u jekk l-estimi tal-kontabilità hijiex adattata u jekk l-estimi tal-kontabilità u

I-informazzjoni relatata żvelata mid-diretturi humiex raġonevoli.

- Naslu għal konklużjonijiet dwar jekk huwiex xieraq li d-diretturi jużaw il-bażi tan-negozju avvjat fil-kontabilità u, abbażi tal-evidenza miksuba waqt il-verifika, jekk teżistix xi incertezza materjali marbuta ma' avvenimenti u kondizzjonijiet li jistgħu joħolqu dubju serju jekk il-Kumpanija tkunx kapaċi tibqa' topera bħala negozju avvjat. Jekk nikkonkludu li teżisti xi incertezza materjali, aħna obbligati li niġbdu l-attenzjoni fir-rapport tal-verifika tagħna għall-informazzjoni relatata żvelata fir-rapporti finanzjarji jew, jekk ma jkunx hemm biżżejjed informazzjoni żvelata, li nimmodifikaw l-opinjoni tagħna. Il-konklużjonijiet tagħna huma bbażati fuq l-evidenza miksuba waqt il-verifika sad-data tar-rapport tal-verifika. Madankollu jistgħu jkun hemm avvenimenti jew kondizzjonijiet li sejhew wara dik id-data li b'riżultat tagħhom il-Kumpanija ikollha tiegħa topera bħala negozju avvjat.
- Nevalwaw il-preżentazzjoni, l-istruttura u l-kontenut ġenerali tar-rapporti finanzjarji, inkluża l-informazzjoni żvelata, u jekk ir-rapporti finanzjarji jirrapprezentawx it-transazzjonijiet u l-avvenimenti li fuqhom huma msejsa b'tali mod li l-preżentazzjoni tagħhom hija ġusta.

Nikkomunikaw mad-Diretturi dwar materji varji, fosthom il-pjan dwar il-firxa u ż-żmien tal-verifika u dwar is-sejbiet l-aktar importanti tal-verifika, inklużi xi nuqqasijiet serji fil-kontroll intern li nkunu sibna waqt il-verifika.

Nipprovdw wkoll dikjarazzjoni lid-Diretturi li nkunu żammejna konformi mar-rekwiżiti etiċi rilevanti dwar l-indipendenza, u nikkomunikawhom kwalunkwe relazzjoni jew materja oħra li tista' raġonevolment tidher li jista' jkollha impatt fuq l-indipendenza tagħna, flimkien mas-salvagwardji relatati li nkunu adottajna, fejn ikun il-każ.

Mill-materji li nkunu kkomunikajna mad-Diretturi, niddeterminaw dawk il-materji li l-aktar huma ta' sinifikat fil-verifika tar-rapporti finanzjarji tal-perjodu attwali u li għaldaqstant huma l-materji kruċjali tal-verifika.

Dawn il-materji niktbu dwarhom fir-rapport tal-awditur, sakemm ma jkunx hemm liġi jew regolament li jipprekludu li xi materja tiġi żvelata fil-pubbliku, jew ma niddeċidux, kif jista' jiġri f'ċirkostanzi estremament rari, li xi materja m'għandhiex tissemma fir-rapport tagħna minhabba li dan jista' jġib konsegwenzi negattivi li jkunu raġonevolment mistennija li jegħlbu l-benefiċċji għall-interess pubbliku ta' tali komunikazzjoni.

Rapport dwar Rekwiżiti Oħra Legali u Regulatorji

Materji li aħna mistennija nirrapportaw dwarhom b'eċċezzjoni taht l-Att dwar il-Kumpaniji

Taht l-Att dwar il-Kumpaniji (Kap. 386), għandna r-responsabbiltajiet li nirrapportawkom jekk fl-opinjoni tagħna:

- il-kotba tal-kontijiet ma nżammux kif suppost;
- ma rċevejniex denunzji ta' informazzjoni, kif suppost u kemm meħtieġ għall-verifika tagħna, mill-fergħat li ma żornix;
- ir-rapporti finanzjarji ma jaqblux mal-kotba tal-kontijiet u mad-denunzji; jew
- ma stajniex niksbu l-informazzjoni u l-ispejgazzjonijiet kollha li, skont l-aħjar tagħrif u twemmin tagħna, kellna bżonn għall-verifika tagħna.

M'għandna xejn x'nirrapportawkom għar-rigward ta' dawn ir-responsabbiltajiet.

Konsistenza bejn ir-rapport tal-awditur u r-rapport addizzjonali lill-Bord tad-Diretturi

L-opinjoni tal-verifika tagħna hija konsistenti mar-rapport addizzjonali lill-Bord tad-Diretturi skont id-dispożizzjonijiet tal-Artiklu 11 tar-Regolament tal-Verifika Nru. 537/2014 tal-UE.

Il-kariga tagħna bħala awditur

Aħna ġejna appuntati għall-ewwel darba biex naġixxu bħala awditur statutorju tal-Kumpanija mill-membri tal-Kumpanija fit-13 ta' Ottubru 2017 għas-sena finanzjarja li għalqet fil-31 ta' Diċembru 2017 u bqajna niġu mahtura awdituri statutorji mill-membri tal-Kumpanija kull sena. Il-perjodu sħiħ tal-inkarigu tagħna mingħajr interruzzjoni bħala awditur statutorju tal-kumpanija hu ta' l-aħħar sentejn finanzjarji.



Sarah Curmi bħala Direttur
F'isem u għan-nom ta'

Deloitte Audit Limited

Awditur registrat
L-Imrieħel, Malta.

5 ta' Marzu 2019

REPORT OF THE CUSTODIAN

5th March 2019

APS Funds SICAV p.l.c.

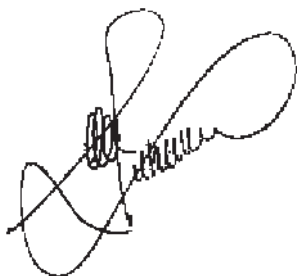
Annual Report of the Custodian

We, Bank of Valletta p.l.c., as Custodian to the APS Funds SICAV p.l.c. ("the Scheme") hereby confirm that having enquired into the conduct of the Manager during the period, 1st January to 31st December 2018, it is our opinion that during this period, the Scheme has been managed:

- i. In accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and by the Malta Financial Services Authority, with the exception of;

The APS Income Fund has contravened an investment restriction contained in the Prospectus by not holding at least 85% of its net assets in securities issued by companies whose principal activity is in Malta. The matter has been reported to the MFSA.

- ii. Otherwise in accordance with the provisions of the constitutional documents and the Fund's license conditions.



Kevin Portelli
Head - Custody Services
Bank of Valletta p.l.c.

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €
Assets								
Financial investments at fair value through profit or loss (note 5a)	132,383,905	133,945,209	69,362,387	69,750,572	27,659,847	28,092,100	35,361,671	36,102,537
Term Deposits at fair value through profit or loss (note 5b)	1,200,000	1,200,000	1,200,000	1,200,000	-	-	-	-
Term Deposits at amortised cost (note 5b)	10,243,460	13,518,567	5,824,768	9,471,355	918,692	2,620,712	3,500,000	1,426,500
Accrued income	1,468,818	1,538,241	692,626	746,804	334,354	360,655	441,838	430,782
Cash and cash equivalents (note 13)	5,032,294	5,192,756	2,406,456	401,889	1,728,000	1,655,095	896,638	3,134,572
Total assets	150,328,477	155,394,773	79,486,237	81,570,620	30,640,893	32,728,562	40,200,147	41,094,391
Liabilities								
Accrued expenses (note 6)	338,513	381,649	180,719	207,059	94,518	121,315	63,276	53,275
Other creditors (note 6)	66,559	53,144	8,482	-	53,190	53,144	4,887	-
Total liabilities	405,072	434,793	189,201	207,059	147,708	174,459	68,163	53,275
	149,923,405	154,959,980	79,297,036	81,363,561	30,493,185	32,554,103	40,131,984	41,041,116
Represented by:								
Net assets attributable to shareholders	149,923,405	154,959,980	79,297,036	81,363,561	30,493,185	32,554,103	40,131,984	41,041,116

These financial statements on pages 22 to 50, were authorised for issue by the Board of Directors on the 5th March 2019 and were signed on its behalf by:



Mario Felice
Chairman

5th March 2019



Etienne Borg Cardona
Director



Joseph Portelli
Director

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

Salient Statistics	APS Funds SICAV p.l.c. Combined	APS Income Fund	APS Regular Income Ethical Fund	APS Diversified Bond Fund
Shares in issue as at 31 December 2018 (note 7)				
Founder Shares	1,200.000	-	-	-
Accumulator	95,476.949	95,476.949	-	-
Distributor	492,929.435	492,929.435	-	-
Accumulator - Class A	3,693,932.898	-	3,388,724.727	305,208.171
Distributor - Class B	48,814,581.122	-	8,814,581.122	40,000,000.000
Accumulator - Class C	4,581,092.449	-	4,067,501.743	513,590.706
Distributor - Class D	11,420,498.062	-	10,178,490.445	1,242,007.617
		€	€	€
Net asset value as at 31 December 2018		79,297,036	30,493,185	40,131,984
Net asset value as at 31 December 2017		81,363,561	32,554,103	41,041,116
Net asset value as at 31 December 2016		83,822,499	26,297,615	-
Net asset value per Accumulator share as at 31 December 2018 (note 8)		179.0535	-	-
Net asset value per Distributor share as at 31 December 2018 (note 8)		126.1875	-	-
Net asset value per Accumulator Class A share as at 31 December 2018 (note 8)		-	1.3243	1.0027
Net asset value per Distributor Class B share as at 31 December 2018 (note 8)		-	1.0872	0.9535
Net asset value per Accumulator Class C share as at 31 December 2018 (note 8)		-	1.3207	0.9800
Net asset value per Distributor Class D share as at 31 December 2018 (note 8)		-	1.0856	0.9534
Net asset value per Accumulator share as at 31 December 2017 (note 8)		175.9104	-	-
Net asset value per Distributor share as at 31 December 2017 (note 8)		127.3622	-	-
Net asset value per Accumulator Class A share as at 31 December 2017 (note 8)		-	1.3731	-
Net asset value per Distributor Class B share as at 31 December 2017 (note 8)		-	1.1573	0.9985
Net asset value per Accumulator Class C share as at 31 December 2017 (note 8)		-	1.3703	0.9985
Net asset value per Distributor Class D share as at 31 December 2017 (note 8)		-	1.1563	0.9985
Net asset value per Accumulator share as at 31 December 2016 (note 8)		172.3487	-	-
Net asset value per Distributor share as at 31 December 2016 (note 8)		127.9522	-	-
Net asset value per Accumulator Class A share as at 31 December 2016 (note 8)		-	1.3297	-
Net asset value per Distributor Class B share as at 31 December 2016 (note 8)		-	1.1521	-
Net asset value per Accumulator Class C share as at 31 December 2016 (note 8)		-	1.3279	-
Net asset value per Distributor Class D share as at 31 December 2016 (note 8)		-	1.1517	-

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2018

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	€	€	€	€	€	€	€	€
As at 1 January	154,959,980	110,121,314	81,363,561	83,822,499	32,554,103	26,297,615	41,041,116	-
Issue of shares	5,926,452	51,701,546	3,295,841	3,244,897	1,617,217	7,304,939	1,013,394	41,151,710
Redemption of shares	(7,045,554)	(7,168,615)	(5,020,407)	(5,685,213)	(1,960,975)	(1,433,378)	(64,172)	(50,024)
Net equalisation	(11,449)	25,729	(11,208)	(10,780)	(4,058)	36,260	3,817	249
Net decrease/increase in net assets during the year	(3,906,024)	280,006	(330,751)	(7,842)	(1,713,102)	348,667	(1,862,171)	(60,819)
As at 31 December	149,923,405	154,959,980	79,297,036	81,363,561	30,493,185	32,554,103	40,131,984	41,041,116

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €
Income								
Net gain on financial assets at fair value through profit or loss (note 5a)	(441,703)	2,841,735	1,663,891	1,807,862	(1,031,203)	1,049,167	(1,074,391)	(15,294)
Interest income	323,924	626,453	232,992	556,570	51,255	69,883	39,677	-
Dividend income	1,467,374	808,556	639,204	521,834	283,700	256,237	544,470	30,485
	1,349,595	4,276,744	2,536,087	2,886,266	(696,248)	1,375,287	(490,244)	15,191
Expenses								
Management fee (note 9a)	1,101,254	928,467	589,830	611,791	308,779	290,318	202,645	26,358
Administration fee (note 9b)	96,500	81,875	42,000	42,000	38,000	37,389	16,500	2,486
Custodian fee (note 9c)	77,172	54,521	34,438	33,110	21,957	19,089	20,777	2,322
Transaction costs	34,114	54,818	9,010	20,682	9,965	12,773	15,139	21,363
Legal and professional fees	10,323	30,335	6,645	21,874	2,200	7,338	1,478	1,123
Directors' remuneration	28,034	21,002	14,668	14,565	5,912	5,639	7,454	798
Audit fee (note 9d)	12,600	12,000	4,200	4,000	4,200	4,000	4,200	4,000
Publicity, printing and publishing costs	61,499	115,414	51,008	66,537	5,583	33,877	4,908	15,000
Compliance fees	2,449	478	-	-	2,132	165	317	313
General administrative costs	28,424	19,979	16,937	14,671	4,358	3,061	7,129	2,247
	1,452,369	1,318,889	768,736	829,230	403,086	413,649	280,547	76,010
Net income	(102,774)	2,957,855	1,767,351	2,057,036	(1,099,334)	961,638	(770,791)	(60,819)
Finance costs - distributions to shareholders (note 10)	(3,353,591)	(2,213,031)	(1,693,717)	(1,644,120)	(568,494)	(568,912)	(1,091,380)	-
Tax expense on income (note 11)	(449,659)	(464,818)	(404,385)	(420,758)	(45,274)	(44,060)	-	-
Net increase in net assets during the year	(3,906,024)	280,006	(330,751)	(7,842)	(1,713,102)	348,667	(1,862,171)	(60,819)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

	APS Funds SICAV p.l.c. Combined		APS Income Fund		APS Regular Income Ethical Fund		APS Diversified Bond Fund	
	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €	2018 €	2017 €
Cash flows from/used in operating activities								
Interest received	3,946,214	2,824,883	2,199,379	2,432,212	740,473	691,239	1,006,362	(298,568)
Dividend income received	1,491,342	788,842	639,204	521,834	287,102	257,089	565,036	9,919
Operating expenses paid	(1,447,976)	(1,234,593)	(777,584)	(914,673)	(419,872)	(318,548)	(250,520)	(1,372)
Tax paid	(449,659)	(464,818)	(404,385)	(420,758)	(45,274)	(44,060)	-	-
Payments for purchase of financial investments	(64,948,239)	(115,553,235)	(18,151,526)	(54,056,088)	(16,856,535)	(23,404,003)	(29,940,178)	(38,093,144)
Proceeds from sale of financial investments	65,731,998	72,799,058	21,928,970	54,763,260	17,283,321	17,619,996	26,519,707	415,802
Net cash generated from/used in operating activities	4,323,680	(40,839,863)	5,434,058	2,325,787	989,215	(5,198,287)	(2,099,593)	(37,967,363)
Cash flows from/used in financing activities								
Amounts received on creation shares	5,915,003	51,727,275	3,284,633	3,234,117	1,613,159	7,341,199	1,017,211	41,151,959
Amounts paid on redemption of shares	(7,045,554)	(7,168,615)	(5,020,407)	(5,685,213)	(1,960,975)	(1,433,378)	(64,172)	(50,024)
Distributions paid	(3,353,591)	(2,254,952)	(1,693,717)	(1,644,120)	(568,494)	(610,832)	(1,091,380)	-
Net cash generated from/used in financing activities	(4,484,142)	42,303,708	(3,429,491)	(4,095,216)	(916,310)	5,296,989	(138,341)	41,101,935
Movements in cash & cash equivalents	(160,462)	1,463,845	2,004,567	(1,769,429)	72,905	98,702	(2,237,934)	3,134,572
Cash & cash equivalents at beginning of year	5,192,756	3,728,911	401,889	2,171,318	1,655,095	1,556,393	3,134,572	-
Cash & cash equivalents at end of year (note 13)	5,032,294	5,192,756	2,406,456	401,889	1,728,000	1,655,095	896,638	3,134,572

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

APSFunds SICAV p.l.c. ("the Company") is an open-ended investment company and was incorporated as a public company with limited liability in Malta on 24 January 2008 with registration number SV 78. The registered address of the Company is APS Centre, Tower Street, Birkirkara, BKR4012, Malta. The Company consists of three Sub-Funds; the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund ("the Sub-Funds") licensed by the Malta Financial Services Authority as a Collective Investment Scheme under the Investment Services Act [Cap. 370 of the Laws of Malta]. The APS Income Fund was launched on 22 April 2008, the APS Regular Income Ethical Fund was launched on 24 May 2012 and the APS Diversified Bond Fund was launched on 23 October 2017. Only the shares of the APS Income Fund are listed on the Official List of the Malta Stock Exchange.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union, and comply with the Companies Act, [Cap. 386 of the Laws of Malta]. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Rules for Retail Collective Investment Schemes. These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, comprising financial investments and certain term deposits, which are stated at their fair values.

In line with International Financial Reporting Standards, the Company presents its statement of financial position in liquidity order rather than split between current and non-current, since this presentation is reliable and more relevant to this Company.

Financial investments at fair value through profit or loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment Manager's recommendations. All other assets and liabilities are expected to be realised within one year, except as specifically disclosed.

The Company maintains a separate account for each sub-Fund, to which proceeds are credited, and against which expenses are charged. Upon redemption, shareholders are entitled only to their proportion of the net assets held in the account relating to the Fund in which their participating shares are designated. Separate Statements of

Financial Position, Statements of Changes in Net Assets attributable to Shareholders of Redeemable Shares, Statements of Comprehensive Income and Statements of Cash Flows have accordingly been prepared for each Sub-Fund. All references to net assets throughout this document refer to net assets attributable to holders of redeemable shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest income

Interest income for all interest bearing financial instruments not classified as at fair value through profit or loss is recognised in the statement of comprehensive income using the effective interest method. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Dividend income

Dividend income is recognised, when the Company's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets measured as at fair value through profit or loss, comprising financial investments and certain term deposits, and interest income thereon.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period.

Realised gains and losses on disposal of financial instruments classified as at fair value through profit or loss are calculated using the AVCO method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Expenses

Expenses are recognised on an accrual basis.

Foreign exchange translation

The Company's and the Sub-Funds' functional currency is the Euro, which is the currency of the primary economic environment in which they operate. Transactions carried out during the year, including purchases and sales of financial assets, in currencies other than the functional currency,

are translated at the rate of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses on financial assets classified as at fair value through profit or loss are included in the statement of comprehensive income as part of the "net gains or losses on financial assets at fair value through profit or loss".

Distribution policy

In the absence of unforeseen circumstances, subject to the availability of distributable profits and in the absence of exceptional market conditions, the Directors expect to distribute to shareholders, on a bi-annual basis and after the deduction of expenses, part or all of the net income available for distribution by the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund Distributable Classes. Any undistributed income will be reflected in the net asset value per share of the Sub-Funds. Distributions are classified as finance costs in the Statement of Comprehensive Income and are recognised in the accounting year in which they are paid.

Equalisation

In the case of distributor shares, the Company operates an equalisation account to ensure that the amount distributed in respect of each share will be the same for all shares notwithstanding different dates of issue of those shares. Accordingly, a sum equal to that part of the issue/redemption price of a share, which reflects income (if any) accrued up to the date of issue/redemption, will be deemed to be an equalisation payment/charge and credited (in the case of share issues)/debited (in the case of share redemptions) by the Directors to the equalisation account.

Part of the first distribution to holders of shares in respect of which equalisation payments are made, will be paid out of the equalisation account.

Financial Instruments

(a) Financial Assets

Current year

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost include certain term deposits, other receivables (representing amounts receivable for transactions contracted for but not yet delivered by the end of the period) and cash and cash equivalents.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

For financial assets at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Company's accounting policy on ECLs.

Financial assets at FVTPL

A financial asset is measured at FVTPL if it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or its contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL when doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category, derivative contracts in an asset position, financial assets classified as held for trading, financial assets managed, evaluated and reported on a fair value basis in accordance with the Funds' documented investment strategy, and those financial investments and term deposits whose contractual cash flows do not solely represent payments of principal and interest, which are mandatorily measured at FVTPL.

Comparative year

Financial Assets Classification

The Company classifies its financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The classification

depends on the purpose for which the investments were acquired. The Directors determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at the reporting date.

- Financial assets at fair value through profit or loss are those that are designated by the Directors at fair value through profit or loss upon initial recognition. These include equity securities and debt instruments that are not held for trading, which are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's documented investment strategy.
- Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables consist of term-deposits held with credit institutions, accrued income and other short-term receivables.

Initial measurement

Purchases and sales of financial assets are recognised on trade date; the date on which the Company commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, Company measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments and interest revenue are recorded in the "Net gain or loss on financial assets at fair value through profit or loss". Dividend income of such instruments is recorded separately in "Dividend Income".

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in profit or loss, when loans and receivables are derecognised or impaired.

(b) Financial liabilities

Financial liabilities measured at amortised cost

Financial liabilities that are not classified at FVTPL are classified at amortised cost. Financial liabilities measured at amortised cost include other payables

(representing amounts payable for transactions contracted for but not yet delivered by the end of the period) and overdrawn bank balances.

Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading. The Company includes in this category, derivative financial liabilities.

Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets or financial liabilities are initially recognised at fair value, and transaction costs for all financial instruments carried at FVTPL are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities at FVTPL category are included in the Statement of Comprehensive Income in the period in which they arise. Interest and dividends earned or paid on these instruments are recorded in 'other net gains/ (losses) on financial assets and financial liabilities at fair value through profit or loss' and 'dividend income' in the Statement of Comprehensive Income.

Financial assets, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is recognised in the Statement of Comprehensive Income.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method.

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available dealing price, appearing to the Directors. The fair values of unquoted investments are established by using valuation techniques. These include reference to recent financial statements and similar financial instruments as well as option pricing models.

Impairment Current year

The Company recognises a loss allowance for ECLs on the following - financial assets at amortised cost.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have a low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

A financial instrument is determined to have low credit risk if:

- i) the financial instrument has a low risk of default,
- ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. To the extent applicable, the Company has applied the low credit risk assumption for the following classes of financial assets - cash at bank and term deposits.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. In this regard, the Company has an internal credit scoring system in place that

analyses the credit quality of the counterparties accordingly. Such credit scoring system takes into consideration both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, and also considers the counterparties' macroeconomic context.

The Company has elected the rebuttable presumption from IFRS 9 by assuming that the credit risk on a financial asset has increased significantly if the financial asset is more than 30 days past due.

Moreover, unless the low credit risk assumption is applied, if the counterparty becomes downgraded by two notches (or more) based on the credit score assessment, the Company deems the financial asset's credit risk to have increased significantly.

Moreover, the Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimated ECLs is the maximum contractual period over which the Company is exposed to credit risk.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, [for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest

rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

Under IFRS 9, the Company has incorporated forward-looking information, where applicable. A third party provider has been engaged to provide forward-looking PDs and LGDs.

Comparative year

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Share capital

The share capital of the Sub-Funds is redeemable at the shareholders' option and is classified as a financial liability. The shares can be put back to the Sub-Funds at any dealing day for cash equal to a proportionate share of the Sub-Funds' net asset value. The share capital is carried at the redemption amount that is payable at the balance sheet date if the shareholder exercised its right to put the share back to the Fund. Such net asset value per share would be payable in the case where the balance sheet date is a dealing day.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise only deposits held at call with banks, that are readily convertible to the known amounts of cash and which are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the purpose of the Statement of Cash Flow, cash and cash equivalents are presented net of outstanding bank overdraft, when applicable.

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Judgements, estimates and assumptions are continually evaluated and based on experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Fund is to generate returns in euro, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in euro in order to handle the issue, acquisition and resale of the Fund's redeemable

shares. The Fund's performance is evaluated in euro. Therefore, the management considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of International Accounting Standard ("IAS") 1 (revised).

4. INITIAL APPLICATION OF AN INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair

value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

The Company has elected not to restate its comparative information for the effects of IFRS 9 and such information continues to be reported under IAS 39. In terms of this approach, any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application is recognised in equity at 1 January 2018.

IFRS 9 has been applied retrospectively by the company and did not result in a change to the classification or measurement of financial instruments. There was no material impact on adoption from the application of the new impairment model.

The Company does not designate any of its financial liabilities as at fair value through profit or loss upon initial recognition and accordingly the change introduced by IFRS 9 in this respect does not affect these financial statements.

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

APS Income Fund

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 / New carrying amount under IFRS 9 EUR
Financial investments at fair value through profit or loss - shares, bonds, stocks and other	Financial assets at FVTPL	Financial assets measured at FVTPL	69,750,752
Term deposits with embedded derivatives	Financial assets at FVTPL	Financial assets measured at FVTPL	1,200,000
Other Term deposits	Loans and receivables	Financial assets measured at amortised cost	9,471,355
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	401,889

APS Regular Income Ethical Fund

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 / New carrying amount under IFRS 9 EUR
Financial investments at fair value through profit or loss - shares, bonds, stocks and other	Financial assets at FVTPL	Financial assets measured at FVTPL	28,092,100
Term deposits with embedded derivatives	Financial assets at FVTPL	Financial assets measured at FVTPL	Nil
Other Term deposits	Loans and receivables	Financial assets measured at amortised cost	2,620,712
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	1,655,095

APS Diversified Bond Fund

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 / New carrying amount under IFRS 9 EUR
Financial investments at fair value through profit or loss - shares, bonds, stocks and other	Financial assets at FVTPL	Financial assets measured at FVTPL	36.102,537
Term deposits with embedded derivatives	Financial assets at FVTPL	Financial assets measured at FVTPL	Nil
Other Term deposits	Loans and receivables	Financial assets measured at amortised cost	1,426,500
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	3,134,572

Cash at bank

Cash at bank that was previously classified as loans and receivables is classified in terms of IFRS 9 as financial assets measured at amortised cost if it meets the conditions for such classification. In accordance with the transitional provisions of IFRS 9, the Company assessed the business model in which the financial assets are held on the basis of the facts and circumstances at 1 January 2018 and the resulting classification is being applied retrospectively irrespective of the Company's business model in prior reporting periods. Accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9. In terms of IFRS 9, the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39. For such amounts, the ECL model did not result in material loss allowances at 1 January 2018 because of the use of the low credit risk exemption.

NOTES TO THE FINANCIAL STATEMENTS

Term deposits

Term deposits that do not contain embedded derivatives and that were previously classified as loans and receivables continue to be measured at amortised cost if they meet the conditions for such classification. In accordance with the transitional provisions of IFRS 9, the Company assessed the business model in which the financial assets are held on the basis of the facts and circumstances at 1 January 2018 and the resulting classification is being applied retrospectively irrespective of the Company's business model in prior reporting periods. Accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9. In terms of IFRS 9, the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39. For such amounts, the ECL model did not result in material loss allowances at 1 January 2018 because of the use of the low credit risk exemption.

The remaining term deposits that contain embedded derivatives [continue to be] measured at fair value through profit or loss in terms of IFRS 9. Accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9.

Debt investments that were designated as at FVTPL in terms of IAS 39

Debt investments that were previously designated as at FVTPL are classified in terms of IFRS 9 as financial assets measured at FVTPL unless they meet both criteria below:

- they are held within a business model whose objective is to collect the contractual cash flows or they are held within a business model whose objective is to collect the contractual cash flows and to sell, and
- they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's debt investments did not meet both criteria above and accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9.

Equity and other investments that were designated as at FVTPL in terms of IAS 39

Equity and other instruments that were previously designated as at FVTPL continue to be measured at FVTPL in terms of IFRS 9. Accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9.

International Financial Reporting Standards in issue but not yet effective

IAS 1 & IAS 8 Amendment - Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. These amendments are effective for annual periods beginning on or after 1 January 2020.

5 (a). FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

APS Income Fund

	Fair value 31.12.18 €	% of net assets	% of total assets	Fair value 31.12.17 €	% of net assets	% of total assets
Quoted Local Equities	19,030,827	24.00	23.94	19,332,529	23.76	23.7
Quoted Local Corporate Bonds	27,645,549	34.86	34.78	27,133,352	33.35	33.26
Quoted Malta Government Stocks	13,517,795	17.05	17.01	11,621,960	14.28	14.25
Quoted Foreign Bonds	9,168,216	11.56	11.53	11,662,731	14.33	14.3
	69,362,387	87.47	87.26	69,750,572	85.72	85.51

APS Regular Income Ethical Fund

	Fair value 31.12.18 €	% of net assets	% of total assets	Fair value 31.12.17 €	% of net assets	% of total assets
Quoted Foreign Equities	3,794,456	12.44	12.38	8,448,076	25.95	25.81
Exchange Traded Funds	1,538,625	5.05	5.02	-	-	-
Quoted Malta Government Stocks	434,200	1.42	1.42	373,680	1.15	1.14
Quoted Foreign Bonds	21,177,876	69.45	69.12	18,517,997	56.88	56.58
Quoted Collective Investment Scheme	714,690	2.34	2.33	752,347	2.31	2.3
	27,659,847	90.70	90.27	28,092,100	86.29	85.83

APS Diversified Bond Fund

	Fair value 31.12.18 €	% of net assets	% of total assets	Fair value 31.12.17 €	% of net assets	% of total assets
Exchange Traded Funds	6,470,429	16.12	16.10	14,430,287	35.16	35.11
Quoted Malta Government Stocks	591,948	1.48	1.47	-	-	-
Quoted Local Corporate Bonds	410,100	1.02	1.02	-	-	-
Quoted Foreign Bonds	27,889,194	69.49	69.38	21,672,250	52.8	52.74
	35,361,671	88.11	87.97	36,102,537	87.96	87.85

The reconciliation of fair value measurements of financial assets is disclosed below:

APS Income Fund

	Fair value 31.12.18 €	Fair value 31.12.17 €
Opening balance	69,750,572	61,477,954
Net acquisitions/disposals	146,541	8,899,835
Movement recognised in profit or loss	(534,726)	(627,217)
Closing balance	69,362,387	69,750,572

APS Regular Income Ethical Fund

	Fair value 31.12.18 €	Fair value 31.12.17 €
Opening balance	28,092,100	19,386,226
Net acquisitions/disposals	1,713,017	8,521,975
Movement recognised in profit or loss	(2,145,270)	183,899
Closing balance	27,659,847	28,092,100

APS Diversified Bond Fund

	Fair value 31.12.18 €	Fair value 31.12.17 €
Opening balance	36,102,537	-
Net acquisitions/disposals	228,604	36,131,342
Movement recognised in profit or loss	(969,470)	(28,805)
Closing balance	35,361,671	36,102,537

NOTES TO THE FINANCIAL STATEMENTS

Fair Value hierarchy

Fair Value Measurement

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments traded at in active markets at the reporting date is based on their quoted price.

All financial assets and liabilities for which fair value is measured and disclosed in financial statements are categorised within the fair value hierarchy, described as follows, based on lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (Unadjusted) market prices in active market for identical assets and liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

IFRS 13 requires disclosures relating to fair value measurements using the three-level fair value hierarchy. The level within the fair value measurement is categorised in its entirety and is determined on the basis of the lowest level input that is significant to the fair value measurement.

When fair values of publicly traded financial assets are based on quoted market prices, the instruments are included within Level 1 of the hierarchy. As at 31 December 2018 and 2017 all financial assets of the Company, which are classified as at fair value through profit or loss, are classified as Level 1. The only exception was the investment held in 6Pm Holdings p.l.c. in APS Income Fund held as at 31 December 2017, which was classified as Level 2. This was disposed of during 2018.

Valuation techniques

The net gain in fair value of financial assets at fair value through profit or loss is made up of:

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.18	31.12.17	31.12.18	31.12.17
	€	€	€	€
Realised gain/ (loss)	140,130	3,031,170	843,165	276,123
Unrealised gain/ (loss)	(474,210)	(2,784,312)	(2,127,250)	167,838
Interest income	1,899,789	1,624,752	666,319	683,174
Foreign exchange gain/ (loss)	85,762	(76,168)	(413,437)	(77,968)
	1,651,471	1,795,442	(1,031,203)	1,049,167

	APS Diversified Bond Fund	
	31.12.18	31.12.17
	€	€
Realised gain/ (loss)	(932,109)	-
Unrealised gain/ (loss)	(954,331)	(7,442)
Interest income	998,307	111,648
Foreign exchange gain/ (loss)	(186,258)	(119,500)
	(1,074,391)	(15,294)

The following industry concentrations in connection with financial assets at fair value through profit or loss are considered significant:

APS Income Fund

	2018	2017
	%	%
	of net assets	of net assets
Oil and Gas Services	4.24	2.80
Beverages	3.76	3.57
Insurance	2.84	4.55
Engineering and Construction	6.01	4.88
Investment Companies	5.19	6.51
Financial Services	7.67	7.51
Real Estate	13.01	8.79
Banks	11.84	15.10
Sovereign	21.97	18.88
Other	10.94	13.99
	87.47	86.58

APS Regular Income Ethical Fund

	2018 % of net assets	2017 % of net assets
Pharmaceuticals	0.99	2.63
Telecommunications	4.57	4.23
Commercial Services	1.45	4.27
Electric	3.47	4.61
Sovereign	25.62	5.74
Multi-National	0.99	6.17
Auto Manufacturers	5.99	6.39
Insurance	14.05	15.69
Banks	15.01	15.94
Other	18.56	20.65
	90.70	86.32

APS Diversified Bond Fund

	2018 % of net assets	2017 % of net assets
Leisure Time	0.95	1.32
Computers	0.84	1.75
Telecommunications	5.50	2.08
Electric	2.97	2.22
Banks	4.68	2.36
Insurance	2.59	2.81
Oil and Gas	1.89	3.21
Multi-National	0.49	5.95
Sovereign	36.77	23.55
Debt Fund	13.28	35.16
Other	18.15	7.58
	88.11	87.99

5 (b). OTHER INVESTMENTS - TERM DEPOSITS

APS Income Fund

	31.12.18 €	% of net assets	% of total assets	31.12.17 €	% of net assets	% of total assets
Term Deposits maturing within 1 year: Measured at amortised cost	5,824,768	7.34	7.33	9,471,355	11.64	11.61
Measured at fair value through profit or loss	1,200,000	1.52	1.51	1,200,000	1.48	1.47
	7,024,768	8.86	8.84	10,671,355	13.12	13.08

NOTES TO THE FINANCIAL STATEMENTS

APS Regular Income Ethical Fund

	31.12.18 €	% of net assets	% of total assets	31.12.17 €	% of net assets	% of total assets
Term Deposits maturing within 1 year	918,692	3.01	3.00	2,620,712	8.05	8.01
	918,692	3.01	3.00	2,620,712	8.05	8.01

APS Diversified Bond Fund

	31.12.18 €	% of net assets	% of total assets	31.12.17 €	% of net assets	% of total assets
Term Deposits maturing within 1 year	3,500,000	8.72	8.71	1,426,500	3.48	3.47
	3,500,000	8.72	8.71	1,426,500	3.48	3.47

As at year-end, the APS Income Fund had four (2017: four) structured term deposit accounts where the interest rate payable was wholly or partially linked to the performance of a combination of a number of indices or direct equities. These financial assets are measured at fair value through profit or loss.

At 31 December 2018 and 2017, the fair value of the remaining term deposits which are measured at amortised cost approximated their contracted amount plus accrued unpaid interest due to their short term maturities or the fact that they carried an interest rate which at the year-end is representative of an arm's length rate.

The fair value of term deposits has been determined using discounted cash flows using relevant interest rates applicable at year end.

These financial assets are classified as Level 2 within the fair value hierarchy.

The reconciliation of measurements of Term Deposits is disclosed below:

APS Income Fund

	31.12.18 €	31.12.17 €
Opening balance	10,671,355	19,501,157
Net acquisitions/disposals	(3,698,094)	(6,652,005)
Movement recognised in profit or loss	51,507	(2,177,797)
Closing balance	7,024,768	10,671,355

APS Regular Income Ethical Fund

	31.12.18 €	31.12.17 €
Opening balance	2,620,712	5,189,359
Net acquisitions/disposals	(1,710,076)	(2,539,813)
Movement recognised in profit or loss	8,056	(28,834)
Closing balance	918,692	2,620,712

APS Diversified Bond Fund

	31.12.18	31.12.17
	€	€
Opening balance	1,426,500	-
Net acquisitions/disposals	2,073,500	1,426,500
Movement recognised in profit or loss	-	-
Closing balance	3,500,000	1,426,500

6. ACCRUED EXPENSES AND OTHER CREDITORS

	APS Income Fund		APS Regular Income Ethical Fund	
	31.12.18	31.12.17	31.12.18	31.12.17
	€	€	€	€
Management fees payable	146,822	152,971	73,856	80,923
Administration fees payable	7,019	7,019	6,455	6,351
Custody fees payable	17,001	19,902	10,082	12,329
Other unpaid expenses	9,877	27,167	4,125	21,712
Accrued expenses	180,719	207,059	94,518	121,315
Withholding tax on distributions	8,482	-	53,190	53,144
Other creditors	8,482	-	53,190	53,144

	APS Diversified Bond Fund	
	31.12.18	31.12.17
	€	€
Management fees payable	49,524	26,358
Administration fees payable	2,803	2,486
Custody fees payable	9,472	2,322
Other unpaid expenses	1,477	22,109
Accrued expenses	63,276	53,275
Withholding tax on distributions	4,887	-
Other creditors	4,887	-

7. SHARE CAPITAL

The Sub-Funds capital is represented by the redeemable shares of the unit holders with no par value and with each carrying one vote.

The authorised share capital of the Company is 500,001,200 shares. Each participating share which the Company issues is allocated to a class representing a particular Fund, with the exception of the initial issued share capital, (Founder shares) of €1,200 divided into 1,200 ordinary shares with no nominal value. These shares constitute a separate class of ordinary shares, being the founder shares, but do not constitute a distinct fund of the Company. All shares in issue of the APS Income Fund, APS Regular Income Ethical Fund and APS Diversified Bond Fund are fully paid.

Distributor shareholders are entitled to distributions in accordance with the distribution policy. The determination of the net asset value per accumulator and distributor share is explained in note 8. Other differences in the fee structure related to the respective share classes is explained in note 9.

NOTES TO THE FINANCIAL STATEMENTS

All shares may be issued and redeemed at prices based on the value of the Sub-Funds' net assets in accordance with its Articles of Association.

APS Income Fund

	2018 Shares	2017 Shares
Shares in issue at the beginning of the year		
Accumulator shares	94,926.341	98,533.722
Distributor shares	507,725.236	522,384.961
	<hr/>	
Creation of Accumulator shares	7,493.383	7,151.785
Creation of Distributor shares	15,957.791	16,112.544
Redemption of Accumulator shares	(6,942.775)	(10,759.166)
Redemption of Distributor shares	(30,753.592)	(30,772.269)
	<hr/>	
Shares in issue at the end of the year		
Accumulator shares	95,476.949	94,926.341
Distributor shares	492,929.435	507,725.236

APS Regular Income Ethical Fund

	2018 Shares	2017 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	3,388,724.727	3,029,467.145
Class B Distributor	8,803,186.835	7,576,230.378
Class C Accumulator	4,112,246.814	2,906,943.584
Class D Distributor	10,444,268.376	8,404,395.878
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Creation of Class A Accumulator shares	-	934,805.448
Creation of Class B Distributor shares	361,258.715	1,331,353.460
Creation of Class C Accumulator shares	353,534.064	1,346,677.632
Creation of Class D Distributor shares	652,855.101	2,344,799.519
Redemption of Class A Accumulator shares	-	(575,547.866)
Redemption of Class B Distributor shares	(349,864.428)	(104,397.003)
Redemption of Class C Accumulator shares	(398,279.135)	(141,374.402)
Redemption of Class D Distributor shares	(918,633.032)	(304,927.021)
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Shares in issue at the end of the year		
Class A Accumulator	3,388,724.727	3,388,724.727
Class B Distributor	8,814,581.122	8,803,186.835
Class C Accumulator	4,067,501.743	4,112,246.814
Class D Distributor	10,178,490.445	10,444,268.376

APS Diversified Bond Fund

	2018 Shares	2017 Shares
Shares in issue at the beginning of the year		
Class A Accumulator	-	-
Class B Distributor	40,000,000	-
Class C Accumulator	268,995.836	-
Class D Distributor	832,813.296	-
	<hr/>	
Creation of Class A Accumulator shares	305,208.171	-
Creation of Class B Distributor shares	-	40,000,000
Creation of Class C Accumulator shares	298,555.890	318,975.843
Creation of Class D Distributor shares	421,199.132	832,813.296
Redemption of Class A Accumulator shares	-	-
Redemption of Class B Accumulator shares	-	-
Redemption of Class C Accumulator shares	(53,961.020)	(49,980.007)
Redemption of Class D Accumulator shares	(12,004.811)	-
	<hr/>	
Shares in issue at the end of the year		
Class A Accumulator	305,208.171	-
Class B Distributor	40,000,000	40,000,000
Class C Accumulator	513,590.706	268,995.836
Class D Distributor	1,242,007.617	832,813.296

For any restrictions of the Sub-Funds or specific capital requirements on the subscriptions and redemptions of shares, kindly refer to the Company's Offering Memorandum and the Sub-Funds' Offering Supplements.

The relevant monetary movements are shown in the Statement of Changes in Net Assets attributable to Shareholders and in the Statement of Cash Flows.

8. NET ASSET VALUE PER SHARE

The net asset value per share of the APS Income Fund, the APS Regular Income Ethical Fund and the APS Diversified Bond Fund is determined by dividing net assets attributable to a class by the number of shares in issue for the same class irrespective of the class being either an accumulation class or a distributor class.

The NAV per Redeemable Share Class is based on the net assets attributable to holders of each Class and on the number of shares in issue for each Class at the balance sheet date.

9. FEES

a) Management fee

On the 7th April 2017 ReAPS Asset Management Limited, an APS Bank fully-owned subsidiary was licensed by the MFSA as the fund manager of APS Funds SICAV plc. On the same day APS Funds SICAV p.l.c. entered into an Investment Management Agreement with ReAPS Asset Management Limited. In turn, ReAPS Asset Management Limited appointed APS Bank Limited as the sub-investment manager of the said SICAV, by virtue of an Agreement signed on the same said date.

The Manager receives a management fee of 0.75% per annum of the net asset value of the APS Income Fund.

In the case of APS Regular Income Ethical Fund, the Manager receives a management fee of up to 1.0% per annum of the net asset value for Class A and Class B shares, and up to 1.3% per annum of the net asset value for Class C and Class D shares.

In the case of APS Diversified Bond Fund, the Manager receives a management fee of up to 1.0% per annum of the net asset value for Class A and Class B shares, and up to 1.25% per annum of the net asset value for Class C and Class D shares.

b) Administration fee

The Company appointed BOV Fund Services Limited as Administrator to provide administration services, under an agreement dated 1 February 2008 and revised on 28 May 2012. Upon the conversion to UCITS, an agreement was signed on 7 April 2017 and revised on 23 October 2017.

The Administrator, BOV Fund Services Limited, receives for its services, a fee calculated as 0.13% per annum of the net asset value of the APS Income Fund. This fee is subject to a minimum fee of €25,000 (2017: €25,000) per annum and a maximum fee of €42,000 (2017: €42,000) per annum.

In respect of the APS Regular Income Ethical Fund, the Administrator receives for its services a fee calculated as 0.13% per annum of the net asset value. This fee is subject to a minimum fee of €21,000 (2017: €21,000) per annum and a maximum fee of €38,000 (2017: €38,000) per annum.

In respect of the APS Diversified Bond Fund, the Administrator shall receive a fixed fee of €16,500 per annum for the first two years from the date of the launch of the sub-fund. Thereafter, the Administrator shall receive for its services a fee calculated as 0.14% per annum of the net asset value. This fee is subject to a minimum fee of €21,000 per annum and a maximum fee of €38,000 per annum.

c) Custodian fee

Under the terms of an agreement dated 1 February 2008 (revised 28 May 2012 and further revised on 23 October 2017), the Company appointed Bank of Valletta p.l.c. as Custodian, to provide custody services.

In the case of the APS Income Fund, the Custodian receives a custody fee of 0.045% for the first €50 million of NAV, 0.04% for a NAV between €50 million and €100 million and 0.035% for a NAV between €100 million and €200 million, subject to a minimum of €20,000 per annum.

In the case of the APS Regular Income Ethical Fund, the Custodian receives a custody fee of 0.045% for the first €50 million of NAV, 0.04% for a NAV between €50 million and €100 million and 0.035% for a NAV between €100 million and €200 million, subject to a minimum of €20,000 per annum.

In the case of the APS Diversified Bond Fund, the Custodian receives a custody fee of 0.045% per annum for the first €50 million of NAV, 0.04% to be applied between €50 million - €100 million of NAV and 0.035% between €100 million - €200 million of NAV, subject to a minimum fee of €20,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS

d) Auditor's remuneration

Fees charged by the auditor for services rendered during the financial year ended 31 December, relate to:

	2018	2017
	€	€
Annual statutory fee	12,600	12,000
Tax compliance services	7,250	1,250
	19,850	13,250

10. DIVIDEND DISTRIBUTION

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2018:

APS Income Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
	28 December 2017	€ 1.5495	€ 786,741
	27 June 2018	€ 1.8259	€ 906,976
APS Regular Income Ethical Fund Distributor Shares			
	Ex-dividend date	Rate per share	Distribution paid
B Class	27 March 2018	€ 0.0134	€ 119,475
D Class	27 March 2018	€ 0.0133	€ 139,852
B Class	25 September 2018	€ 0.0163	€ 141,754
D Class	25 September 2018	€ 0.0162	€ 167,413
APS Diversified Bond Fund Distributor Shares			
	Ex-dividend date	Rate per share	Distribution paid
B Class	27 March 2018	€ 0.0114	€ 456,000
D Class	27 March 2018	€ 0.0115	€ 13,728
B Class	25 September 2018	€ 0.0151	€ 602,800
D Class	25 September 2018	€ 0.0151	€ 18,852

Distributions reflected in the Statement of Comprehensive Income for the year ended 31 December 2017:

APS Income Fund Distributor Shares	Ex-dividend date	Rate per share	Distribution paid
	29 December 2016	€1.6498	€861,862
	28 June 2017	€1.5063	€782,258
APS Regular Income Ethical Fund Distributor Shares			
	Ex-dividend date	Rate per share	Distribution paid
B Class	28 March 2017	€0.01527	€124,834
D Class	28 March 2017	€0.01517	€135,630
B Class	28 September 2017	€0.01675	€138,012
D Class	28 September 2017	€0.01664	€170,436

A final dividend of €1.47326 per share which amounted to a distribution of €726,213 was declared by the Directors on 31 December 2018 with respect to the distributor shares of the APS Income Fund (31 December 2017 - €1.54954 per share which amounted to a distribution of €786,741). This distribution will be reflected in the Statement of Comprehensive Income for the year ending 31 December 2019.

11. TAX EXPENSE

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 as amended. In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund.

The APS Income Fund which is classified as a prescribed fund for income tax purposes, and would be subject to Maltese tax on its investment income as defined in the Income Tax Act, at a rate of 10% or 15% depending on the nature of the income. No tax on capital gains should be incurred by resident investors upon the disposal of units in such a fund.

The APS Regular Income Ethical Fund and the APS Diversified Bond Fund are classified as non-prescribed funds for Maltese income tax purposes and should not be subject to tax on their income or gains, but Maltese resident investors therein may be subject to a 15% withholding tax on capital gains realised on redemptions of units. However, the Maltese resident investor may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of tax. Gains or profits derived on the transfer or redemption of units in any fund by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of certain conditions.

In respect of distributions by the Company to the shareholders, dividends paid from Malta source taxed profits, Malta source profits which are exempt from tax up to the level of the ultimate shareholder, or profits received by the Company from the foreign income account of another Maltese company should not be subject to a withholding tax or to a further tax in the hands of the shareholders.

Distributions from the Company's Untaxed Account to a Maltese resident person (other than a person) or to a non-resident person who is owned and controlled by, directly or indirectly, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta should, inter alia, be subject to a withholding tax of 15%. This withholding tax should be deducted by the Company and the dividend would be passed on to the Shareholders net of the tax. The Maltese resident individual investor may opt to declare such dividends paid from the Untaxed Account of the Company in his/her income tax return and in that case the 15% withholding tax would be available as a credit (or a refund, as the case may be) against the individual's tax liability.

Distributions from the Company's equalisation reserve are treated as dividends for income tax purposes and are likely to be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company).

In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholders.

12. RELATED PARTIES

(i) Shareholding

APS Bank Limited, whose ultimate parent is Arom Holdings Limited with registered address at Archbishop's Curia, St. Calcedonius Square, Floriana, Malta, has an investment in APS Funds SICAV p.l.c as follows:

	APS Funds SICAV p.l.c. Founder Shares 31.12.18	APS Income Fund Distributor Shares 31.12.18	APS Regular Income Ethical Fund Distributor Shares Class B 31.12.18	APS Funds SICAV p.l.c. Founder Shares 31.12.17	APS Income Fund Distributor Shares 31.12.17	APS Regular Income Ethical Fund Distributor Shares Class B 31.12.17
Number of Shares	1,199,000	98,853,140	5,000,000,000	1,199,000	98,853,140	5,000,000,000
Dividend Income	Nil	€333,675	€148,550	Nil	€311,990	€160,100

	APS Diversified Bond Fund Distributor Shares Class B 31.12.18	APS Diversified Bond Fund Distributor Shares Class B 31.12.17
Number of Shares	40,000,000,000	40,000,000,000
Dividend Income	€1,058,800	Nil

NOTES TO THE FINANCIAL STATEMENTS

The directors consider the ultimate controlling party to be the Archdiocese of Malta. Copies of the consolidated financial statements of APS Bank Limited may be obtained from the Registry of Companies.

The APS Income Fund and the APS Regular Income Ethical Fund are associates of APS Bank Limited, since the latter holds a 16.80% and 18.90% equity interest in the Funds respectively (2017: 15.48% and 17.78% respectively).

The APS Diversified Bond Fund is a subsidiary of APS Bank Limited since the latter holds a 95.10% equity interest in the Fund (2017: 97.32%).

As at 31 December 2018, the APS Funds Sicav ("The Company") held net overdrawn bank balances at APS Bank Limited amounting to €903 (2017: €4,356) and term deposits of €7,743,460 (2017: €11,192,712).

As at 31 December 2018, the APS Income Fund held net overdrawn bank balances at APS Bank Limited amounting to €1,678 (2017: €121) and term deposits of €5,024,768 (2017: €8,845,500). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €173,765 in 2018 (2017 - €410,751).

As at 31 December 2018, the APS Regular Income Ethical Fund held bank balances at APS Bank Limited amounting to €775 (2017: €3,600) and term deposits of €218,692 (2017: €1,920,712). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €34,980 in 2018 (2017 - €39,894).

As at 31 December 2018, the APS Diversified Bond Fund held term deposits at APS Bank Limited of €2,500,000 (2017: €426,500). These amounts are unsecured and will be settled by way of cash. The interest income recognised in profit or loss in relation to these balances amounted to €31,006 in 2018 (2017 - Nil).

The interest received on such bank and term deposits are equivalent to those that prevail in arm's length transactions.

(i) Management agreement

During 2017 ReAPS Asset Management Limited, a subsidiary of APS Bank Limited, started acting as the Investment Manager of APS Income Fund, APS Regular Income Ethical Fund and APS Diversified Bond Fund. Previously management services were provided by APS Bank Limited. Management fees due to ReAPS Asset Management Limited for the period are disclosed in the Statement of Comprehensive Income and the outstanding management fee is detailed in note 6.

(ii) Key management personnel

The Directors are entitled to remuneration for their services at rates determined by the annual general meeting of the shareholders. For the years ended 31 December 2018 and 31 December 2017, the Company remunerated its Directors the amount of €28,034 and €21,002 respectively for each reporting year as disclosed separately in the Statement of Comprehensive Income. There were no other payments to key management personnel. These amounts represent short-term employee benefits.

As at 31 December 2018 and 31 December 2017, the Directors held units in the Sub-Funds, as detailed below:

	Sub-Fund	Type of shares held	Number of shares	Income from Dividends
2018	APS Income Fund	Accumulator	60	Nil
2017	APS Income Fund	Accumulator	60	Nil

All related party transactions, including the management services provided by ReAPS Asset Management Limited to APS Funds SICAV p.l.c. were made at arm's length on normal commercial terms and conditions.

13. CASH AND CASH EQUIVALENTS

For purpose of the Statement of Cash Flows, the year-end cash and cash equivalents comprise bank balances held at call as follows:

	2018	% of net assets	2017	% of net assets
	€		€	
APS Funds SICAV p.l.c.	5,032,294	3.35	5,192,756	3.35
APS Income Fund	2,406,456	3.03	401,889	0.49
APS Regular Income Ethical Fund	1,728,000	5.67	1,655,095	5.08
APS Diversified Bond Fund	896,638	2.18	3,134,572	7.64

Interest rates on cash at Bank held by the sub-funds, are fixed but subject to changes whenever such interest rates are revised by the respective Banks.

The APS Income Fund has an overdraft facility with APS Bank Limited of €2,500,000 (2017: €2,500,000). As at 31 December 2018, the overdraft amount was of €1,776. (2017: €35). This facility is secured by a general pledge on all assets of the fund, with the total value of €2,500,000 (2017: €2,500,000).

The APS Regular Income Ethical Fund has an overdraft facility with APS Bank Limited of €1,000,000 (2017: €1,000,000). As at 31 December 2018 and 2017, the facility was not overdrawn. This facility is secured by a general pledge on all assets of the fund, with a total value of €1,000,000 (2017: €1,000,000).

The APS Diversified Bond Fund requested APS Bank Limited for an overdraft facility of a maximum of €1,000,000. As at 31 December 2018 the facility was not overdrawn. This facility will be secured by a general pledge on all assets of the fund, with a total value of €1,000,000.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-Funds' activities expose it to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is measured through a process of ongoing identification, measurement and monitoring. The company does not make use of any derivative instruments. The risk management policies employed by the Company are disclosed below.

Risk Management Structure

The Company's Investment manager is responsible for identifying and controlling risks. The Board of Directors supervises the investment manager and is ultimately responsible for the overall risk management of the Company.

Market Price Risk

APS Income Fund

The equity securities are selected from the Malta Stock Exchange Share Index (the "MSE Index") traded on the Malta Stock Exchange. If the MSE Index at 31st December 2018 had increased by 15% (2017: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €2,854,624 (2017: €2,899,879). Conversely, if the MSE Index had decreased by 15% (2017: 15%), this would have had an equal but opposite effect.

APS Regular Income Ethical Fund

The equity securities are selected from recognised stock exchanges across the world. If equities and holdings in collective investment schemes and Exchange Traded Funds at 31st December 2018 had increased by 15% (2017: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €907,166 (2017: €1,380,064). Conversely, if equities and holdings in other collective investment schemes had decreased by 15% (2017: 15%), this would have had an equal but opposite effect.

APS Diversified Bond Fund

The APS Diversified Bond Fund does not invest in equity securities. Nevertheless, it holds investments in Exchange Traded Funds. If holdings in Exchange Traded Funds at 31st December 2018 had increased by 15% (2017: 15%) with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately €970,564 (2016: 2,164,543). Conversely, if Exchange Traded Funds had decreased by 15% (2017: 15%), this would have had an equal but opposite effect.

Interest-bearing financial assets are affected by interest rate movements, which are covered below.

Interest Rate Risk

The Sub-Funds are exposed to interest rate risk through directly holding interest-bearing financial assets. Assets earning interest at variable rates expose the Sub-Funds to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Sub-Funds to fair value interest rate risk to the extent that such assets are measured at fair value. The Sub-Funds' exposure to interest rate risk is summarised in the table below:

	Financial assets held at fixed rates (as a % of NAV)		Financial assets held at variable rates (as a % of NAV)	
	2018	2017	2018	2017
APS Income Fund	69.12	72.66	6.24	2.91
APS Regular Income Ethical Fund	54.59	55.52	25.06	15.65
APS Diversified Bond Fund	70.45	52.01	12.45	11.91

NOTES TO THE FINANCIAL STATEMENTS

APS Income Fund

At 31st December 2018, should interest rates have lowered / increased by 50 (2017:50) basis points with all other variables remaining constant, the increase / decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €1,584,964 (2017: €1,847,298), arising from the change in market values of these corporate and government bonds.

APS Regular Income Ethical Fund

At 31st December 2018, should interest rates have lowered / increased by 50 (2017:50) basis points with all other variables remaining constant, the increase / decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €636,437 (2017: €495,229), arising from the change in market values of these corporate and government bonds.

APS Diversified Bond Fund

At 31st December 2018, should interest rates have lowered / increased by 50 (2017: 50) basis points with all other variables remaining constant, the increase / decrease in net assets attributable to holders of redeemable shares (gross of expenses) would amount to approximately €798,729 (2017: €520,494), arising from the change in market values of these corporate and government bonds.

Such movements in the NAV of the Funds would be dependent on the duration of the Funds. Duration, in turn, is dependent on the maturity date, coupon and 'yield to maturity' of every underlying bond held. Duration measures a bond's sensitivity to a change in interest rates. Usually, the higher the duration, the more is the volatility in the prices.

For the purposes of measuring the interest rate risk of each Sub-Fund, the duration of each individual debt security held within a Sub-Fund is calculated. This applies to all debt securities, including those that pay zero interest or pay a variable rate of interest. Other assets, such as equity securities, exchange traded funds, term deposits, and cash balances are assumed to have zero interest rate risk. The duration of each Sub-Fund is calculated as the sum of the weighted average duration of the underlying assets within the Sub-Fund. The weights reflect each asset's share of market value out of the Sub-Fund's total value.

Any excess cash and cash equivalents held at call as disclosed in note 13 are exposed to variable interest rates.

Maturity analysis of debt securities

The table below shows an analysis of assets according to when they are expected to be recovered:

APS Income Fund

	Quoted Local Corporate Bonds	Quoted Malta Government Bonds	Quoted Foreign Bonds
	31.12.18	31.12.18	31.12.18
	€	€	€
Up to 1 year	1,063,041	-	-
1 to 5 years	8,919,879	1,153,186	3,492,763
5 to 15 years	17,662,629	11,867,501	2,173,986
Over 15 years	-	497,108	3,501,468
	27,645,549	13,517,795	9,168,217
	31.12.17	31.12.17	31.12.17
	€	€	€
Up to 1 year	1,362,108	-	210,479
1 to 5 years	6,428,280	-	2,219,820
5 to 15 years	19,342,964	11,621,960	5,202,538
Over 15 years	-	-	4,029,894
	27,133,352	11,621,960	11,662,731

APS Regular Income Ethical Fund

	Quoted Malta Government Bonds 31.12.18 €	Quoted Malta Government Bonds 31.12.17 €	Quoted Foreign Bonds 31.12.18 €	Quoted Foreign Bonds 31.12.17 €
Up to 1 year	-	-	302,313	127,635
1 to 5 years	-	-	5,719,463	3,234,733
5 to 15 years	434,200	373,680	8,734,732	9,745,391
Over 15 years	-	-	6,421,366	5,410,237
	434,200	373,680	21,177,876	18,517,997

APS Diversified Bond Fund

	Quoted Local Corporate Bonds 31.12.18 €	Quoted Malta Government Bonds 31.12.18 €	Quoted Foreign Bonds 31.12.18 €
Up to 1 year	-	-	656,024
1 to 5 years	312,450	-	11,363,741
5 to 15 years	97,650	591,948	10,641,717
Over 15 years	-	-	5,227,713
	410,100	591,948	27,889,195
	31.12.17 €	31.12.17 €	31.12.17 €
Up to 1 year	-	-	1,473,898
1 to 5 years	-	-	3,786,602
5 to 15 years	-	-	13,500,050
Over 15 years	-	-	2,911,700
	-	-	21,672,250

Currency Risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities that are denominated in currencies other than the euro. Accordingly the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Company will necessarily be subject to foreign exchange risks.

The Directors are under no obligation (although they may do so at their discretion) to hedge currency risks. There is no current intention to hedge currency risk although the Directors of the Company will continue to monitor the foreign currency risk.

Although the majority of APS Income Fund's transactions, assets and liabilities are denominated in euro, as at 31 December 2018, the Fund had 7.64% (2017: 5.73%) of its underlying assets denominated in foreign currencies.

The APS Regular Income Ethical Fund is exposed to considerable foreign currency risk. As at 31 December 2018, the Fund had 20.95% (2017: 18.43%) of its underlying assets denominated in foreign currencies. Furthermore, as at the same date, the Fund held one asset which provides an underlying currency exposure which is different than that provided by its currency of denomination.

The APS Diversified Bond Fund is exposed to considerable foreign currency risk. As at 31 December 2018, the Fund had 33.22% (2017: 29.40%) of its underlying assets denominated in foreign currencies. Furthermore, as at the same date, the Fund held a number assets which provide an underlying currency exposure which is different than that provided by their currency of denomination.

The Following table indicates the currencies to which the Fund had significant exposure at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Euro on the net assets attributable to shareholders with all other variables held constant.

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APS Income Fund		2018	2017
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	14	15
Canadian Dollar	+10	8	8
British Pound	+10	26,222	66,165
Swedish Krona	+10	154,867	-
US Dollars	+10	425,107	400,464

APS Regular Income Ethical Fund *		2018	2017
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
Australian Dollar	+10	26,663	71,489
Brazilian Real	+10	-	40,065
British Pound	+10	59,114	94,157
Indian Rupee	+10	-	31,485
Indonesian Rupiah	+10	30,231	31,305
Mexican Peso	+10	-	75,560
Polish Zloty	+10	10,463	10,296
Swiss Franc	+10	-	79,524
Swedish Krona	+10	64,942	-
Turkish Lira	+10	-	6,242
US Dollars	+10	447,629	159,825

APS Diversified Bond Fund *		2018	2017
	Change in currency rate	Effect on the net assets Attributable to shareholders	Effect on the net assets Attributable to shareholders
Currency	%	€	€
South African Rand	+10	24,857	25,605
Australian Dollar	+10	65,679	150,265
Brazilian Real	+10	-	44,875
British Pound	+10	78,222	83,670
Indian Rupee	+10	-	76,369
Indonesian Rupiah	+10	19,650	20,348
Mexican Peso	+10	39,801	25,740
Swedish Krona	+10	80,948	-
Turkish Lira	+10	-	51,169
US Dollars	+10	1,024,118	728,586

* The data contained in the table does not capture the effect of foreign currency risk via assets which provide an underlying currency exposure which is different than that provided by their currency of denomination.

An equivalent decrease in each of the aforementioned currencies against the euro would have resulted in the equivalent but opposite effect.

The following table indicates the currencies to which the Company has significant exposure as at 31 December 2018 and 31 December 2017 on its monetary financial assets.

APS Income Fund

	As at 31 December 2018 €	% of net assets	As at 31 December 2017 €	% of net assets
Australian Dollar	141	-	149	-
Canadian Dollar	78	-	81	-
British Pound	262,219	0.33	661,651	0.81
Swedish Krona	1,548,671	1.95	-	-
US Dollar	4,251,065	5.36	4,004,644	4.92
	6,062,174	7.64	4,666,525	5.73

APS Regular Income Ethical Fund

	As at 31 December 2018 €	% of net assets	As at 31 December 2017 €	% of net assets
Brazilian Real	-	-	400,649	1.23
British Pound	591,145	1.94	941,570	2.89
Polish Zloty	104,634	0.34	102,956	0.32
US Dollar	4,476,292	14.68	1,598,246	4.91
Turkish Lira	-	-	62,416	0.19
Mexican Peso	-	-	755,601	2.32
Swiss Francs	-	-	795,242	2.44
Swedish Krona	649,416	2.13	-	-
Australian Dollar	266,634	0.87	714,892	2.2
India Rupee	-	-	314,854	0.97
Indonesian Rupiah	302,311	0.99	313,050	0.96
	6,390,432	20.95	5,999,476	18.43

APS Diversified Bond Fund

	As at 31 December 2018 €	% of net assets	As at 31 December 2017 €	% of net assets
Australian Dollar	656,789	1.64	1,502,654	3.66
British Pound	782,221	1.95	836,700	2.04
US Dollars	10,241,182	25.51	7,285,858	17.75
Brazilian Real	-	-	448,753	1.09
Mexican Pesos	398,012	0.99	257,403	0.63
India Rupee	-	-	763,690	1.86
Indonesian Rupiah	196,502	0.49	203,482	0.5
Turkish Lira	-	-	511,687	1.25
South African Rand	248,565	0.62	256,055	0.62
Swedish Krona	809,480	2.02	-	-
	13,332,751	33.22	12,066,282	29.40

Credit Risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Company. Financial assets, which potentially subject the Sub-Fund to credit risk, consist principally of debt securities, term deposits and cash.

The carrying amounts of each financial asset represents the maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at amortised cost are presented net of an allowance for doubtful debts, where applicable. Up to the end of the previous financial year, an allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. As further disclosed in the remaining notes to the financial statements, in terms of IFRS 9 the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39.

The following table provides information regarding the Sub-Funds' aggregated credit risk exposure with external credit ratings. The credit rating analysis below takes into account the rating of the respective financial assets which are categorised by Standard & Poor ("S&P") rating or equivalent.

APS Income Fund

	AAA	AA	A	BBB	BB	Not Rated	Fair Value 31.12.2018 €
Debt securities classified as fair value through profit or loss	-	2.80%	18.91%	9.29%	1.32%	31.15%	50,331,560
	AAA	AA	A	BBB	BB	Not Rated	31.12.2017 €
Debt securities classified as fair value through profit or loss	-	-	17.53%	11.78%	5.28%	26.73%	50,418,043

APS Regular Income Ethical Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Fair Value 31.12.2018 €
Debt securities classified as fair value through profit or loss	0.99%	16.34%	20.89%	22.10%	5.26%	1.39%	1.90%	21,612,076
	AAA	AA	A	BBB	BB	B	Not Rated	31.12.2017 €
Debt securities classified as fair value through profit or loss	5.77%	1.15%	7.16%	28.70%	12.90%	2.35%	-	18,891,677

APS Diversified Bond Fund

	AAA	AA	A	BBB	BB	B	Not Rated	Fair Value 31.12.2018 €
Debt securities classified as fair value through profit or loss	1.99%	10.57%	10.65%	18.60%	10.71%	8.24%	11.23%	28,891,242
	AAA	AA	A	BBB	BB	B	Not Rated	31.12.2017 €
Debt securities classified as fair value through profit or loss	5.95%	-	1.89%	22.14%	15.50%	7.32%	-	21,672,250

As at 31 December 2018 the APS Income Fund held Malta Government Stocks for the total value of €13,517,795 (2017: €11,621,960) with an A- (2017: A-) credit rating by S&P. This Sub-Fund also held Bank of Valletta Plc Bonds maturing between 2019 and 2030 for the value of €4,562,575 (2017: €5,385,125), which had a BBB credit rating by Fitch (2017: BBB).

As at 31 December 2018 the APS Regular Income Ethical Fund held Malta Government Stocks for the total value of €434,200 (2017: €373,680) with an A- (2017: A) credit rating by S&P.

As at 31 December 2018 the APS Diversified Bond Fund held Malta Government Stocks for the total value of €591,948 (2017: Nil) with an A- credit rating by S&P.

The carrying amounts disclosed above represent the exposure to credit risk with respect to debt securities. The percentages above are calculated as a percentage of the net assets.

All transactions in listed debt securities are settled for upon delivery through clearing houses. The risk of default is considered minimal, as delivery of securities sold is only made once the clearing house has received payment. Payment is made on a purchase once the securities have been received by the clearing house. The trade will fail if either party fails to meet its obligation.

The Company has policies that limit the amount of credit exposure to any single issuer. Accordingly, the Investment Manager monitors the Sub-Funds' credit position on a regular basis.

None of the Sub-Funds' financial assets were considered to be past due or impaired in both 2018 and 2017.

Bank balances (note 13) are held and transacted with APS Bank Limited and Bank of Valletta p.l.c. and term deposits (note 5b) are held with reputable banks, including APS Bank Limited, and Izola Bank p.l.c. APS Bank Limited and Izola Bank p.l.c. are not rated.

The table below details, by credit risk rating grades, the gross carrying amount of cash at bank;

APS Income Fund	2018 EUR 12m ECL
Performing	2,406,456
Gross / net carrying amount as at 31 December 2018	2,406,456

APS Regular Income Ethical Fund	2018 EUR 12m ECL
Performing	1,728,000
Gross / net carrying amount as at 31 December 2018	1,728,000

APS Diversified Bond Fund	2018 EUR 12m ECL
Performing	896,638
Gross / net carrying amount as at 31 December 2018	896,638

NOTES TO THE FINANCIAL STATEMENTS

The table below details, by credit risk rating grades, the gross carrying amount of term deposits measured at amortised cost;

APS Income Fund	2018 EUR 12m ECL
Performing	5,824,768
Gross / net carrying amount at 31 December 2018	5,824,768

APS Regular Income Ethical Fund	2018 EUR 12m ECL
Performing	918,692
Gross / net carrying amount at 31 December 2018	918,692

APS Diversified Bond Fund	2018 EUR 12m ECL
Performing	3,500,000
Gross / net carrying amount at 31 December 2018	3,500,000

Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering of cash or another financial assets.

The Sub-Funds are exposed to daily cash redemptions on their redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Sub-Funds NAV per share at the time of redemption, calculated in accordance with the Sub-Funds Offering memorandum. Sub-Funds manage its obligations to repurchase shares when required to do so and its overall liquidity risk by requiring a notice period before redemption.

The Company invests only in marketable securities, which under normal market conditions are readily convertible to cash. In addition, the Company's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

It is the Company's policy that the Investment manager monitors Sub-Funds' liquidity position on a daily basis for APS Income Fund and on a weekly basis for APS Regular Income Ethical Fund and for the APS Diversified Bond Fund. The Investment Manager may limit the total number of Shares to be redeemed on any Dealing Day and may also temporarily suspend determination of the Fund's Net Asset Value together with the sale and repurchase of Shares.

Investor Shares can be redeemed at the prevailing Redemption Price, by submission to the Company at the office of the Administrator of the relevant and properly completed Redemption Notice before the Redemption Notice Deadline.

In terms of the Memorandum and Articles, redemption requests and/or exchange requests are, once made, irrevocable. A Redemption Notice if accepted by the Company will be effective as at the applicable Redemption Day. Investor Shares shall be cancelled on the relevant Redemption Day and redemption requests will generally be settled within fourteen (14) Business Days from the relevant Redemption Day.

Capital risk management

The capital of the Funds is represented by the net assets attributable to holders of redeemable shares as disclosed in the Statement of Financial Position. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis in the case of the APS Income Fund and on a weekly basis in the case of the APS Regular Income Ethical Fund and APS Diversified Bond Fund, as the Funds are subject to subscriptions and redemptions at the discretion of the shareholders. The Funds' objective when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds.

PORTFOLIO STATEMENTS

	Market Value 31.12.2018 €	% of net assets
APS INCOME FUND		
Quoted Local Equities		
Bank of Valletta p.l.c.	1,074,597	1.36
GO p.l.c.	744,084	0.94
HSBC Bank Malta p.l.c.	1,553,000	1.96
Malta International Airport Ordinary 'A' Shares	4,768,435	6.01
Malita Investments p.l.c. Ordinary B Shares	1,134,053	1.43
Mapfre Middlesea p.l.c. Ordinary Shares	274,437	0.35
Medserv p.l.c. Ordinary Shares	1,220,150	1.54
PG p.l.c. Ordinary Shares	1,125,579	1.42
Plaza Centres p.l.c. Ordinary Shares	1,034,428	1.30
RS2 Software p.l.c. Ordinary Shares	1,655,933	2.09
Simonds Farsons Cisk p.l.c.	2,329,775	2.94
Tigné Mall p.l.c. Ordinary Shares	1,779,642	2.24
Trident Estates p.l.c. Ordinary Shares	336,711	0.42
Quoted Local Corporate Bonds		
4.25% Bank of Valletta p.l.c. € Notes 2019 Series 2 Tranche 1	694,857	0.88
5.35% Bank of Valletta p.l.c. Sub Bonds 2019	368,184	0.46
4.90% Gasan Finance Company p.l.c. Bonds 2019 - 2021	997,114	1.26
4.80% Bank of Valletta p.l.c. Subordinated Bonds 2020	804,283	1.01
5.50% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2020	624,933	0.79
5.50% Pendergardens Developments p.l.c. Series I Secured Bonds 2020	634,504	0.80
5.80% International Hotel Investments p.l.c. Bonds 2021	189,283	0.24
6.00% Mediterranean Investments Holdings p.l.c. Unsecured Bonds 2021	373,509	0.47
5.00% Mediterranean Bank p.l.c. Subordinated Unsecured € Bonds 2022 - 2027	515,000	0.65
5.00% Mediterranean Investments Holding p.l.c. Unsecured Bonds 2022	298,168	0.38
6.00% Pendergardens Developments p.l.c. Series II Secured Bonds 2022	1,037,080	1.31
5.80% International Hotel Investments p.l.c. Bonds 2023	340,367	0.43
6.00% Medserv p.l.c. Secured and Guaranteed Notes 2023 Series 1 Tranche 1	327,639	0.41
4.15% Phoenicia Finance Company p.l.c. Unsecured 2023 - 2028	1,367,490	1.72
5.30% United Finance p.l.c. Unsecured Bonds 2023	92,344	0.12
6.00% AX Investments p.l.c. € Bonds 2024	1,011,340	1.28
5.00% Hal Mann Vella Group p.l.c. Secured Bonds 2024	957,222	1.21
6.00% Island Hotels Group Holdings p.l.c. Bonds 2024	993,392	1.25
5.00% Tumas Investments p.l.c. Unsecured Bonds 2024	238,700	0.30
4.50% Hili Properties p.l.c. Unsecured Bonds 2025	188,863	0.24
5.75% International Hotel Investments p.l.c. Unsecured Bonds 2025	110,037	0.14
4.50% Izola Bank p.l.c. Unsecured Bonds 2025	1,241,896	1.57
4.25% Corinthia Finance p.l.c. Unsecured Bonds 2026	87,872	0.11
5.00% Dizz Finance p.l.c. Unsecured Bonds 2026	213,150	0.27
4.00% International Hotel Investments p.l.c. Secured Bonds 2026	420,137	0.53
4.00% International Hotel Investments p.l.c. Unsecured Bonds 2026	262,446	0.33
4.50% Medserv p.l.c. Unsecured Euro Bonds 2026	552,578	0.70
4.00% MIDI p.l.c. EUR Secured Bonds 2026	1,201,967	1.52
3.90% Plaza Centres p.l.c. Unsecured Bonds 2026	203,100	0.26
3.75% Premier Capital p.l.c. Unsecured Bonds 2026	2,030,336	2.56
4.00% Eden Finance p.l.c. Unsecured € Bonds 2027	1,985,652	2.50
4.35% SD Finance p.l.c. Unsecured € Bonds 2027	2,100,000	2.65
3.50% Simonds Farsons Cisk p.l.c. Unsecured € Bond 2027	650,946	0.82
4.00% Stivala Group Finance p.l.c. Secured € Bonds 2027	685,497	0.86
3.75% Tumas Investments p.l.c. Unsecured € Bonds 2027	564,512	0.71
4.00% Exalco Finance p.l.c. Secured 2028	585,900	0.74
3.50% Bank of Valletta p.l.c. Subordinated Notes 2030 Series 1 Tranche 1	2,546,400	3.21
3.50% Bank Of Valletta p.l.c. Subordinated Notes 2030 Series 2 Tranche 1	148,851	0.19

PORTFOLIO STATEMENTS

	Market Value 31.12.2018 €	% of net assets
Quoted Foreign Bonds		
2.75% Xerox Corporation 2020	209,972	0.26
5.50% Arcelormittal 2021	270,303	0.34
6.25% Bank Of India/London 2021	182,504	0.23
10.00% Barclays Bank p.l.c. 2021	256,784	0.32
4.75% Empresa Nacional del Petroleo 2021	220,879	0.28
5.50% Perusahaan Listrik Negara 2021	225,014	0.28
6.00% Cemex Finance LLC 2024	173,860	0.22
3.50% Hanesbrands Finance Luxembourg 2024	403,020	0.51
3.75% Petroleos Mexicanos 2024	480,695	0.61
4.25% Ziggo Secured Finance BV 2027	294,717	0.37
3.375% Aviva p.l.c. 2045	969,288	1.22
3.099% Allianz SE 2047	1,011,870	1.28
4.50% Repsol International Finance BV 2075	563,805	0.71
Quoted MGS Bonds (5 to 15 years)		
3.30% Malta Government Stock 2024 (I)	1,153,186	1.45
1.50% Malta Government Stock 2027 (I)	4,130,803	5.21
4.80% Malta Government Stock 2028 (I)	2,968,801	3.74
4.50% Malta Government Stock 2028 (II)	1,956,336	2.47
2.30% Malta Government Stock 2029 (II)	1,811,048	2.28
5.10% Malta Government Stock 2029 (I)	1,000,515	1.26
Quoted MGS Bonds (over 15 years)		
2.10% Malta Government Stock 2039 (I)	260,355	0.33
2.40% Malta Government Stock 2041 (I)	236,753	0.30
Foreign Government Bonds		
5.00% Russian Federation 2020	532,734	0.67
4.875% Russian Federation 2023	536,998	0.68
3.00% Croatia Government International Bond 2027	839,384	1.06
0.75% Government of France 2028	250,600	0.32
0.90% Republic of Ireland 2028	250,000	0.32
3.375% United Mexican States 2031	539,285	0.68
3.50% US Treasury Bond 2039	956,505	1.21
Term Deposits		
APS Bank Limited	5,024,768	6.34
Izola Bank p.l.c.	2,000,000	2.52
APS REGULAR INCOME ETHICAL FUND		
Quoted Foreign Equities		
Adidas AG	300,960	0.99
Allianz SE	266,213	0.87
Anheuser-Busch InBev SA/NV	230,800	0.76
Ashtead Group p.l.c.	269,006	0.88
AXA SA	311,157	1.02
Bayerische Motoren Werke AG	282,800	0.93
Bolsas y Mercados Espanoles	170,240	0.56
Credit Agricole SA	226,320	0.74
Endesa SA	201,300	0.66
Industria de Diseno Textil SA	223,500	0.73
KBC Group NV	283,400	0.93
Orange SA	132,632	0.43
Sanofi	302,640	0.99
SAP SE	286,869	0.94
Vodafone Group p.l.c.	306,621	1.01

	Market Value 31.12.2018 €	% of net assets
Quoted Foreign Bonds		
7.20% European Investment Bank 2019	302,311	0.99
5.125% Arcelormittal 2020	311,260	1.02
7.75% Commerzbank AG 2021	341,231	1.12
5.00% BBVA Banco Continental 2022	266,337	0.87
7.125% Erste Group Bank AG 2022	364,743	1.20
4.75% Fiat Chrysler Finance Europe 2022	217,576	0.71
6.25% Thomas Cook Group p.l.c. 2022	306,520	1.01
1.875% Barclays p.l.c. 2023	296,796	0.97
4.561% Casino Guichard Perrachon SA 2023	186,256	0.61
2.375% Peugeot SA 2023	412,970	1.35
2.375% Cellnex Telecom SA 2024	402,282	1.32
1.125% EDP Finance BV 2024	296,478	0.97
3.75% Fiat Chrysler Automobile 2024	419,604	1.38
3.625% PVH Corporation 2024	368,449	1.21
2.625% Rexel SA 2024	346,630	1.14
1.875% Telefonaktiebolaget LM Ericsson 2024	248,350	0.81
1.625% Atlantia SpA 2025	174,382	0.57
2.50% Banco Santander 2025	299,990	0.98
1.25% Goldman Sachs Group Inc. 2025	579,186	1.90
1.625% RCI Banque SA 2025	493,890	1.62
1.375% Morgan Stanley 2026	387,796	1.27
4.40% AusNet Services Holdings 2027	257,479	0.84
3.50% Banco Bilbao Vizcaya Argentaria SA 2027	408,676	1.34
2.50% Bankinter SA 2027	294,594	0.97
2.25% BNP Paribas SA 2027	195,868	0.64
1.375% Societe Generale SA 2028	288,225	0.95
1.25% Svenska Handelsbanken AB 2028	345,237	1.13
6.25% Munchener Reinsurance Co. 2042	581,250	1.91
4.25% Aquarius & Investments p.l.c. 2043	273,393	0.90
5.125% AXA SA 2043	785,177	2.57
4.625% NN Group NV 2044	527,058	1.73
3.375% Aviva p.l.c. 2045	726,966	2.38
3.099% Allianz SE 2047	505,935	1.66
4.375% Mapfre SA 2047	307,467	1.01
6.25% BHP Billiton Finance USA Ltd. 2075	359,967	1.18
4.50% Lanxess AG 2076	313,909	1.03
3.00% Telia Co. AB 2078	302,932	0.99
6.25% Orsted A/S 3013	302,556	0.99
Quoted MGS Bonds (5 to 15 years)		
2.30% Malta Government Stock 2029 (II)	434,200	1.42
Foreign Government Bonds		
0.35% Italy Buoni Poliennali Del Tesoro 2020	324,464	1.06
3.875% Republic of Argentina 2022	168,038	0.55
3.50% Hellenic Republic 2023	340,573	1.12
4.00% Poland Government Bond 2023	100,908	0.33
2.15% Spain Government Bond 2025	325,263	1.07
4.25% Republic Of Cyprus 2025	404,191	1.33
1.25% Republic of Hungary 2025	297,180	0.97
3.00% US Treasury Bond 2025	894,314	2.93
2.875% Obrigacoes do Tesouro 2026	385,700	1.26
1.625% US Treasury Bond 2026	900,602	2.95
0.75% Government of France 2028	902,160	2.96
0.90% Republic of Ireland 2028	900,000	2.95
3.50% US Treasury Bond 2039	1,434,755	4.71

PORTFOLIO STATEMENTS

	Market Value 31.12.2018 €	% of net assets
Foreign Collective Investment Schemes		
Etica Azionario I	714,690	2.34
iShares USD Treasury Bond 20+ Year UCITS ETF	1,538,625	5.05
Term Deposits		
APS Bank Limited	218,692	0.72
Izola Bank p.l.c.	700,000	2.30
APS DIVERSIFIED BOND FUND		
Quoted Local Corporate Bonds		
4.15% Phoenicia Finance Company p.l.c. Unsecured 2023 - 2028	312,450	0.78
4.00% Exalco Finance p.l.c. Secured 2028	97,650	0.24
Quoted Foreign Bonds		
7.20% European Investment Bank 2019	196,502	0.49
3.622% State Bank India/London 2019	459,522	1.15
5.125% Arcelormittal 2020	400,191	1.00
2.65% EMC Corp 2020	335,474	0.84
3.875% Arcelik AS 2021	395,508	0.99
4.75% FMG Resources August 2006 Pty Ltd. 2022	333,969	0.83
6.25% Thomas Cook Group p.l.c. 2022	383,150	0.95
5.25% Fiat Chrysler Automobile 2023	404,964	1.01
3.125% Gaz Capital SA 2023	201,638	0.50
4.125% Adler Pelzer Holding GmbH 2024	365,600	0.91
2.375% Cellnex Telecom SA 2024	402,282	1.00
6.00% Cemex Finance LLC 2024	373,799	0.93
5.50% Cott Corp 2024	412,652	1.03
2.50% Dufry One BV 2024	428,567	1.07
1.125% EDP Finance BV 2024	395,304	0.99
4.875% Orano SA 2024	347,708	0.87
2.625% Rexel SA 2024	376,341	0.94
4.75% Softbank Group Corp 2024	373,963	0.93
1.875% Telefonaktiebolaget LM Ericsson 2024	298,020	0.74
2.50% Banco Santander SA 2025	399,987	1.00
5.05% Embraer Netherlands Finance BV 2025	402,729	1.00
2.50% Bankinter SA 2027	392,792	0.98
3.625% Netflix Inc. 2027	377,395	0.94
5.00% Societe Generale SA 2027	310,998	0.77
4.125% Verizon Communications Inc. 2027	348,858	0.87
5.50% Ziggo BV 2027	313,167	0.78
5.00% BNP Paribas SA 2028	316,254	0.79
1.375% Daimler AG 2028	384,216	0.96
4.75% Petroleos Mexicanos 2029	183,276	0.46
4.625% NN Group NV 2044	527,058	1.31
4.375% Mapfre SA 2047	512,445	1.28
6.375% America Movil SAB de CV 2073	392,568	0.98
6.25% BHP Billiton Finance USA Ltd. 2075	359,967	0.90
4.50% Repsol International Finance BV 2075	374,162	0.93
4.50% Lanxess AG 2076	405,044	1.01
3.00% Telia Co. AB 2078	390,880	0.97
6.25% Orsted A/S 3013	448,231	1.12
Quoted MGS Bonds (5 to 15 years)		
4.50% Malta Government Stock 2028 (II)	374,848	0.93
2.30% Malta Government Stock 2029 (II)	217,100	0.54

	Market Value	% of net
	31.12.2018	assets
	€	
Foreign Government Bonds		
5.75% Arab Republic Of Egypt 2020	397,582	0.99
0.35% Italy Buoni Poliennali Del Tesoro 2020	409,324	1.02
3.875% Montenegro Government International Bond 2020	410,280	1.02
5.00% Russian Federation 2020	532,734	1.33
2.375% Saudi Government International Bond 2021	400,461	1.00
3.875% Republic of Argentina 2022	336,076	0.84
3.50% Hellenic Republic 2023	437,154	1.09
5.375% Hungary Government International Bond 2023	379,726	0.95
6.125% Bahrain Government International Bond 2023	267,351	0.67
1.50% Sweden Government Bond 2023	603,916	1.50
5.625% Macedonia Government International Bond 2023	485,129	1.21
3.50% Morocco Government International Bond 2024	474,879	1.18
3.00% Croatia Government International Bond 2025	478,290	1.19
2.15% Spain Government Bond 2025	379,474	0.95
1.25% Republic of Hungary 2025	396,240	0.99
3.375% Republic Of Indonesia 2025	389,298	0.97
2.75% US Treasury Bond 2025	1,320,558	3.29
4.75% Oman Government International Bond 2026	357,693	0.89
3.875% Colombia Government International Bond 2026	468,162	1.17
5.20% Turkey Government International Bond 2026	298,635	0.74
4.375% Oriental Republic of Uruguay 2027	526,173	1.31
0.75% Government of France 2028	1,102,640	2.75
0.90% Republic of Ireland 2028	1,100,000	2.74
8.50% United Mexican States 2029	394,881	0.98
3.50% US Treasury Bond 2039	1,817,359	4.53
Foreign Collective Investment Schemes		
iShares JP Morgan EM Local Govt Bond UCITS ETF	1,462,620	3.64
iShares JP Morgan USD EM Bond EUR Hedged UCITS ETF	507,215	1.26
iShares JP Morgan USD EM Corp Bond UCITS ETF	578,620	1.44
iShares USD Treasury Bond 20+ Year UCITS ETF	2,004,873	5.00
iShares USD High Yield Corp Bond UCITS ETF	777,745	1.94
SPDR Bloomberg Barclays Emerging Markets Local Bond UCITS ETF	1,139,354	2.84
Term Deposits		
Aps Bank Limited	2,500,000	6.23
Izola Bank p.l.c.	1,000,000	2.49

STATEMENT OF CHANGES IN THE COMPOSITION OF THE PORTFOLIO

The composition of the portfolio, detailed in the Portfolio Statement on pages 51 to 55, in comparison with the Portfolio Statement as at 31 December 2017 stood as follows:

	% of net assets 31.12.2018	% of net assets 31.12.2017
APS Income Fund		
Quoted Local Equities	24.00	23.75
Quoted Local Corporate Bonds	34.88	33.35
Quoted Foreign Bonds	6.63	9.92
Quoted Malta Government Bonds	17.05	14.28
Foreign Government Bonds	4.94	4.41
Term Deposits	8.86	13.11
APS Regular Income Ethical Fund		
Quoted Foreign Equities	12.44	25.95
Quoted Foreign Bonds	45.26	52.29
Quoted Malta Government Bonds	1.42	1.15
Foreign Government Bonds	24.20	4.59
Foreign Collective Investment Schemes	7.39	2.31
Term Deposits	3.02	8.05
APS Diversified Bond Fund		
Quoted Local Corporate Bonds	1.02	-
Quoted Foreign Bonds	34.20	29.25
Quoted Malta Government Bonds	1.48	-
Foreign Government Bonds	35.29	23.55
Foreign Collective Investment Schemes	16.12	35.16
Term Deposits	8.72	3.48

INFORMATION ABOUT THE SCHEME

1. AUTHORISATION

The Company is authorised by the Malta Financial Services Authority as a Collective Investment Scheme pursuant to Section 6 of the Investment Services Act, [Cap. 370 of the Laws of Malta].

2. INCOME

In the case of the distributor class of shares, the Company operates an equalisation account to ensure that the amount distributed in respect of each share will be the same for all shares notwithstanding different dates of issue of those shares. In the case of the accumulator class of shares, all income is accumulated within the price of the shares, and therefore, no equalisation is required.

3. UP-FRONT CHARGE AND OTHER FEES

APS Income Fund

Initial Fee

An initial charge of up to 1.50% on the amount invested.

APS Regular Income Ethical Fund

Initial Fee

An initial charge of up to 3.5% of the amount invested in Class A - Accumulator/Class B - Distributor shares.

An initial charge of up to 5% of the amount invested in Class C - Accumulator/Class D - Distributor shares.

APS Diversified Bond Fund

Initial Fee

An initial charge of up to 2% of the amount invested in Class A - Accumulator/Class B - Distributor shares.

An initial charge of up to 3.5% of the amount invested in Class C - Accumulator/Class D - Distributor shares.

Details on the Management, Custody and Administration fees can be found under note 9 on pages 39 to 40.

4. RISK WARNINGS

Market Fluctuations

Investment in the Funds should be regarded as a long-term investment. The Funds' investments are subject to normal market fluctuations and the risks inherent in all investments and there are no assurances that capital appreciation will occur.

The price of shares and the income derived from them (if any) can, from time to time, go down as well as up and investors may not realise the amount of their initial investment.

Past performance is no guarantee of future performance.

The value of the Funds, including the currency in which they are determined, may fall as well as rise.

Erosion of Capital

When redeeming a holding in the Funds, or part thereof, an investor should be aware that these redemptions will be made from the sale of shares in the Funds and may result in an erosion of capital.

In addition, deduction of the initial charge (where applicable) means that if an investor withdraws from the investment in the short-term he may not get back the amount he invested. Hence, investment in the Funds should be regarded as a long-term investment.

Currency Fluctuations

Currency fluctuations between the base currency of the Fund, and

- (i) the investor's currency of reference, and,
- (ii) the currency of the underlying investments of the Funds,

may adversely affect the value of investments and the income (if any) derived therefrom.

Investment on the Malta Stock Exchange

The Funds may invest in equity and debt securities quoted on the Malta Stock Exchange, which is a relatively new market, when compared to more established markets. In addition, the investments that can be made on the Malta Stock Exchange are limited. This may lead to an exposure to a particular security or industry sector, which is higher than that normally associated with a diversified portfolio. This may expose the Funds to higher levels of volatility and may adversely affect the performance of the Funds. Despite the fact that such securities are listed, the market in these securities may be illiquid.

Some Maltese companies listed on the Malta Stock Exchange impose, through their constitutional documents, a ceiling on the equity holding that any one particular investor may, directly or indirectly hold in such companies. In this respect investors should be aware that the Investment Manager might be restricted in implementing the Fund's investment policies by virtue of such impositions.

The trading volumes on emerging Stock Exchanges such as the Malta Stock Exchange are substantially less than the world's leading stock markets. Accordingly, the buying and selling of securities may be time consuming and may need

to be effected at unfavorable prices. Although it is not envisaged that this should create any difficulty in valuing the Funds' investments, reduced secondary market liquidity may have an adverse effect on the market price of such securities and the Company's ability to dispose of particular securities to meet its liquidity requirements.

Exposure to a single market

The APS Income Fund invests its assets predominately in the Maltese market and thus the degree of market diversification is limited to such market. Therefore, the performance of the Fund is closely linked to the performance of the Maltese market.

Investments in smaller companies

The Funds may invest in the securities of smaller companies, which securities can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on one or two key individuals. This may result in investments in such markets being volatile.

Investments in unquoted companies

Funds investing in the securities of unquoted companies can be subject to risks not normally associated with quoted securities. These risks mainly relate to the illiquidity of the market.

5. SCHEME PARTICULARS

The above details are extracted from the most recent APS Funds SICAV p.l.c. Prospectus, the APS Income Fund Supplement, the APS Regular Income Ethical Fund Supplement and the APS Diversified Bond Fund Supplement. All these documents are available upon request from the Investment Manager, and were current at the date of publishing of this Annual Report and Financial Statements. Persons wishing to invest in the APS Income Fund, APS Regular Income Ethical Fund and/or the APS Diversified Bond Fund should do so on the basis of the full information contained in the Prospectus and relative Supplement.

6. MANAGER'S STATEMENT

In the opinion of the Manager, this Annual Report and Financial Statements contains all the information necessary to enable the investors to make an informed judgment of the results and activities of the Company for the year ended 31 December 2018, and does not omit any matter or development of significance.

YOUR NOTES



YOUR NOTES
